

TRANSFORMING THE NORTHEAST

**Tackling Backlogs in Basic Minimum Services
and Infrastructural Needs.**



**High Level Commission Report
to the Prime Minister**

**New Delhi
March 7, 1997**

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STATE/NEC MEMORANDA) In separate volume

PREFACE

In pursuance of the Prime Minister's announcement of 'New Initiatives For the North Eastern Region' made at Guwahati on October 27, 1996, a High Level Commission was appointed under the Chairmanship of Shri S.P. Shukla, Member, Planning Commission, with Shri B.G. Verghese, Fellow, Centre for Policy Research, New Delhi, Shri Sainghaka, Vice-Chairman, Planning Board, Mizoram, and Shri Jayanta Madhab, Chairman, North Eastern Development Finance Corporation, as Members. Shri Darshan Kumar, Adviser, Planning Commission, was appointed as Secretary to the Commission.

The terms of reference of the Commission required it to :

- (i) critically examine the backlog in respect of Basic Minimum Services in the seven North-Eastern States;
- (ii) critically examine the gaps in important sectors of infrastructure development in the North-Eastern Region, specially in power, communication, railways, roads, education, agriculture, etc.;
- (iii) suggest policies, programmes and requirement of funds to bridge the gaps in Infrastructural Sectors and the backlog in Basic Minimum Services in the seven North-Eastern States; and
- (iv) consider any other issue which the Commission considers relevant for achieving the above objectives.

A copy of the Office Memorandum issued by the Planning Commission in this regard is at **Annexure A**.

The Commission was asked to submit its Report to the Prime Minister within a period of three months.

Its first formal meeting was held in New Delhi on 28th November, 1996. Thereafter it visited the seven States between December 14, 1996 and February 9, 1997. The schedule of the visits is at **Annexure B**.

During its visits, the Commission held detailed discussions in each state with the Chief Minister, Ministers, the Chief Secretary, the

Development Commissioner and other senior officials. It also had the opportunity to meet a wide cross-section of non-officials including MPs, MLAs, Chairmen and Members of the autonomous councils, representatives of NGOs, Vice-Chancellors and other academics, media persons, representatives of Chambers of Commerce and Industry, etc. The Commission visited project sites and was also able to see some development and welfare schemes. The Commission travelled by road as well as by helicopter, which made it possible for it to visit a large number of places in the remote interior.

At **Annexure C** are lists of organisations/individuals met, meetings/discussions held and the places visited.

While at Shillong, the Commission held discussions with the Secretary and senior officials of the North Eastern Council and NEEPCO as well as ICAR officials located in Shillong. In Guwahati, the Commission was able to meet representatives of the North-East Frontier Railways, the Brahmaputra Board, NABARD and RBI.

The Commission was able to meet a number of officials and non-official and officials informally at a number of social occasions. It had also the opportunity of witnessing excellent cultural programmes during these visits.

Our field visits were made more meaningful because we were accompanied by Ministers and senior officials.

Back in Delhi, the Commission met with officials of Central Ministries/ Agencies and public undertakings. These are listed at **Annexure D**.

The Commission wishes to take this opportunity to thank the Chief Ministers, officials and the representatives of Central Ministries/Agencies and public undertakings for their fullest cooperation without which it would not have been able to accomplish its task.

The Commission appreciates the dedicated work done by the Secretariat and staff, in particular Shri K.K. Popli, Shri Arun Sharma and Shri Mayaram Sharma, in producing this Report.

INTRODUCTION

The Prime Minister's economic package and offer of unconditional talks announced on the occasion of his visit to the Northeast last October has aroused great expectations in the Region. The consequent appointment of a Commission to recommend measures to make good Infrastructural and Basic Minimum Service Gaps and a Committee on stimulating Employment is seen as indicative of serious intent to bring the Northeast on par with the rest of the country within the next five to ten years in a process of poverty alleviation and infrastructural upgradation.

It would be simplistic to believe that development by itself can end insurgency and restore tranquility. Yet it constitutes a most important element in that task and an effective entry point for dealing with complex problems of historical neglect, rapid transition and social change. The extraordinary ethno-geographic and bio-geographic diversity of the Region precludes uniform solutions as different communities are at varying stages of growth.

The Northeast is divided into discrete plains regions encompassed within hills, with a number of agro-climatic zones within them. It is characterized by heavy precipitation, extremely rich bio-diversity, fragile hills, high seismicity, and a drainage pattern marked by lateral valleys in the north and transverse valleys in the south, dissected by huge rivers and raging torrents. All of this renders communication difficult and expensive, especially in view of the neglect of the great waterways that were once major arteries of commerce and culture.

Partition further isolated an already geo-politically sequestered region. It was left with over 4500 km of external frontier with Bhutan, China, Myanmar and Bangladesh but no more than a slender 22 km connection with the Indian heartland through the tenuous Siliguri corridor, the Gateway to the Northeast. The very considerable market disruption, socio-economic distancing and retardation that resulted has not been adequately appreciated or compensated.

The Northeast spreads over a vast expanse of 255,000 sq.km with a relatively small population of under 40 million today. However, the cultivable area is limited and the land-man ratio has become increasingly adverse. Barring the Imphal Valley and pockets elsewhere, agricultural yields are low while traditional farming with a shrinking jhum cycle has become ecologically unsustainable. Nevertheless, jhum represents a way of life interwoven with collective tribal practices and can be improved. Much land in the hills is owned by the community, not the state, though privatisation and "enclosures" are evident in some places. Urbanisation is generally low, except in Mizoram and Nagaland.

The regional economies are simple, heavily deficit and dependent on the rest of the country for many basic needs. All seven units are special category states whose development plans are almost entirely centrally financed on the basis of 90 per cent grant and 10 per cent loan. The development funding pattern for the special category states accords them built-in preferential treatment. (See **Annexure 1**) There is no agricultural surplus and limited capital formation and entrepreneurial skills. Assam had seen some earlier development around tea, oil and timber; the region is, however, basically pre-industrial despite a number of saw mills and plywood factories, a few cement plants and other miscellaneous enterprises apart from oil and coal. Handlooms and handicrafts, once the pride of the Northeast, are on the decline but have a considerable potential if given contemporary functionality through design, marketing and other inputs.

The region is bountifully endowed with bio-diversity, hydropotential, oil and gas, coal, limestone and forest wealth. It is ideally suited to produce and process a whole range of plantation crops, spices, fruit and vegetables, flowers and herbs, much of which could be processed and exported to the rest of the country and worldwide. Markets must be developed and problems of transportation, power, infrastructure, finance and services overcome. Its natural beauty, serenity and rich flora and fauna invite trekking and tourism.

The Northeast tends to be seen as a distant outpost, some kind of land's end. Yet it was until recently a crossroads and a bridge to Southeast and East Asia, with its great rivers ending in ocean terminals at Calcutta and Chittagong.

The recent MOU with Myanmar restoring border trade and the just concluded Ganga Treaty with Bangladesh, however, herald a new chapter. The possible restoration to the Northeast of its erstwhile transit routes and markets and vice versa suggests new opportunities that can be creatively exploited to mutual benefit. New concepts have begun to excite the international imagination : the South Asia Development Triangle, including eastern and Northeastern India, Nepal, Bhutan and Bangladesh; an extension of this within a larger growth quadrant that takes in Myanmar, Thailand, Laos and Southwest China along the old Burma Road and proposed Trans-Asian Highway and Railway; and a Bay of Bengal Triangle with Calcutta and Chittagong at the apex of a vast hinterland stretching down to Sri Lanka on one side and Singapore on the other.

Even as these ideas are nurtured and exploited, the Northeast must be enabled to grow at its own pace and in accordance with its own genius. It cannot be treated merely as a resource region, market dump and transit yard. There is strong resentment over what is seen as an earlier phase of "colonial exploitation" in which its wealth was extracted for others' enrichment. Such a path of development is not advocated. On the contrary, the people of the Northeast must feel that they are equal partners in a process of culturally friendly, equitable and sustainable development. This must be the thrust. Yet delay would be denial.

The Northeast is a latecomer to development. The trauma of partition, political evolution and reorganisation of Assam along the present state boundaries, and continuing internal adjustments to achieve decentralised sub-state structures such as autonomous councils, punctuated with protest movements and insurgencies, have interrupted progress. The building of new political institutions, with former districts graduating to statehood, has necessarily been a slow process. Traditional institutions were in

some cases too soon or somewhat carelessly by-passed for newer structures that are perhaps not always well-suited to the region. Likewise, all-India norms and patterns of administration and planning have been extended to or have sometimes been sought by these units only to prove an embarrassment.

These are not insuperable problems; but they need to be addressed. This can be done by changing from planning **for** the Northeast to planning **with** the Northeast for the benefit of the individual units, the region and the country as a whole.

The Northeast has vast potential resources but little or no “plan” resources to-day. It is heavily indebted in spite of high per capita Plan outlays and subventions. Huge establishment costs exceed state revenue collections as government service provides the sole and certainly the principal avenue of employment. This situation cannot be abruptly ended without creating viable alternatives. The paradox is that there is an enormous amount of **work** to be done but few **jobs**. Imaginative solutions must be found. Likewise, there have been grievous leakages, partly to underground extortion and “taxation” but also as a result of the breakdown of traditional values and institutions, the bewilderingly rapid changeover from a barter to a monetised economy, and the rise of new elites.

Many of the Northeastern states joined the planning process later than most others. Mizoram did so only in the Seventh Plan while Nagaland has been insurgency-prone since the 1950s. It is often asserted that the Northeastern states were created for good and sound political reasons and not on the basis of economic viability.

It would perhaps help understanding to place the development of the seven Northeastern states in several concentric circles: first, the local community; next the autonomous councils/states; third, the Northeastern region, in view of the interdependence of the several constituent entities and the overriding reality of a common gateway to the heartland; beyond that the bigger Ganga-Brahmaputra-Meghna (GBM)

resource region; and, finally, the larger world of Southeast Asia and Southwest China; the Northeast is indeed India's cultural and economic bridgehead to these fast growing economies.

There are four deficits that confront the Northeast: a basic needs deficit; an infrastructural deficit; a resource deficit; and, most important, a two-way deficit of understanding with the rest of the country which compounds the others. The Northeast has so far depended exclusively on the Centre for development funding. A more rapid pace of growth would generate larger internal resources. This could perhaps be enlarged through the additionality of private investment, Indian and foreign, within a well-defined framework.

In terms of per capita state domestic product or other standard development indices such as power, road length or hospital beds, the Northeast ranks well below the national average. Only in literacy does it stand high. Yet this too can be misleading as vocational training, entrepreneurial skills and the basic grounding in mathematics and science is weak. The school infrastructure is inadequate, including that of trained teachers. Imphal has 28 Intermediate colleges which, in the absence of matching employment opportunities, is adding to problems of educated unemployment, frustration, drugs and insurgency. The right overall balance and linkages are missing.

For the same reason, it would be a pity for the Northeast to sprout more and more run of the mill universities, Central or State. What is needed is for the concerned vice-chancellors and the UGC to get together and plan to develop within each of them strong area studies and a few centres of excellence in disciplines and languages relevant to the region.

New patterns of development need to be structured. There are examples of innovation: Nagaland's village development boards with their common fund and the Nagaland environment protection and economic development (NEPED) programme for introducing upgraded tree farming into the jhum cycle as a starting point for tapping its considerable bio-

diversity; Meghalaya's groping towards a new concept of "tribal interest" for acquiring land, as well as its Economic Development Council and plans for reorganising its electricity board; Mizoram's new land use policy; Tripura's smallholder rubber plantations; and Assam's experiments with apex councils and proposals for reinvestment of agricultural income tax by assesseees for approved purposes. Each state could learn from the others' experience.

One can envisage other models such as the establishment of special economic zones and EPZs to take advantage of the emerging opportunities of trade with Bangladesh and Myanmar; counter-guarantees to attract investment into the region; the establishment of upper-catchment area authorities in relation to the large dams under consideration; and the application of a special income tax regime for the hitherto exempted tribal areas of the Northeast.

It might also be worth exploring the idea of freezing the disputed areas along Assam's borders with Meghalaya, Arunachal Pradesh, Nagaland and Mizoram for, say, 25 years and developing them with Central assistance into infrastructural and industrial hubs for hills-plains interchange. These could provide sites for airfields, railheads, warehousing, cold storages, market yards, regional institutions, medium/large industry, processing units, and R&R centres for persons displaced by dams and development in the hills.

Such innovations could form the basis for creative and cooperative federalism.

The Commission makes bold to suggest such ideas as investment and development can only take place in an environment and security and tranquility even as they promote such an environment. Therefore, while some of these proposals appear to go beyond its strict terms of reference, the Commission nevertheless ventures to put them forward as elements of what might be described as basic political needs and building of the political infrastructure.

A POLICY FRAME : FROM DESPAIR TO HOPE

The Commission sees its charter to secure the elimination of backlogs and gaps in basic minimum services and infrastructure in the Northeast not just incrementally but through a quantum leap. The Prime Minister's pronouncements clearly mandate this as a national priority. The task is to end the Region's perceived sense of isolation and neglect and break the vicious circle of economic stagnation and unemployment which feeds militancy and, in turn, hampers investment and the harnessing of its abundant resources.

Rapid provision of basic minimum services will make for poverty alleviation even as infrastructure development paves the way for accelerated growth. The two are interlinked if there is to be human resource development and the translation of mere potential into tangible wealth.

Effecting a quantum jump will require a very considerable increase in outlay and capacity-building to develop and implement programmes and projects with appropriate monitoring mechanisms to preclude leakages and time and cost overruns. Local, State and Central authorities alike will need to gear themselves to the task and devise more effective norms and systems to ensure results. The Northeastern Council (NEC) will also need radical reorganisation if it is to be a meaningful nodal agency in the new context.

It is for the Planning Commission to determine the exact quantum of funding. However, some might question why the Northeast should be specially favoured when per capita outlays in the Region are already high and all the units are Special Category States with a 90 per cent grant component by way of Central assistance. The reasons are clear.

First and foremost, the Northeast was uniquely disadvantaged by Partition which left its external perimeter with no more than two per cent contiguity with the rest of India. The remaining 98 per cent represents

what are often difficult and, until recently, inhospitable international boundaries. No other part of the country, barring J&K, has had to bear a comparable burden with severe market disruption, total isolation and loss of traditional communication infrastructure, all of which has pushed regional costs and prices well above national norms, transport subsidies notwithstanding. This rendered the normal market production processes in the region less attractive and State intervention that much more costly. Fifty years after Independence, partial redressal does not constitute a special favour.

Secondly, no part of the country has been riven by prolonged and multiple insurgencies that have held development to ransom. The underlying discontents have a strong social and economic background with added trauma as pre-industrial tribal communities inevitably undergo rapid modernisation.

Thirdly, this resource-rich region is truly a national asset. The development of its hydro-electric, oil and gas, coal, bio-diversity and agro-silvicultural potential holds out promise of national solutions through regional development. This in turn will add immeasurably to national security in every respect.

Fourthly, with the recent softening of geo-political rigidities following understandings with China, then Myanmar and, most especially, with Bangladesh, the Northeast is no more a burdensome peripheral region somewhere out there, but is poised once again to resume its dynamic role as a bridge to the booming economies of Southeast Asia and Southwest China to mutual benefit. No surprise that proposals to construct a Trans-Asian Highway and Asian Railway have been revived.

The new-found warmth in Indo-Bangladesh relations offers opportunities to both sides that could significantly alter planning priorities and development perspectives. Many options, previously barred, are opening up and hold out prospects of attendant employment and income-generating dividends through mutual cooperation.

The changing contours of economic policy also suggest opportunities for private and foreign investment as well as joint ventures. In view of what some investors might regard as an uncertain security environment, it might be necessary and desirable for the Government to underwrite critical investments with suitable counter-guarantees. If this was done to encourage so-called fast-track energy projects in peaceful and well-developed parts of the country, there is little reason to baulk at its selective application in the Northeast.



BASIC MINIMUM SERVICES

Gandhiji described the purpose of Independence as being “to wipe the tear from every eye”. Years later, in a landmark judgment, the Supreme Court ruled that the true meaning of the constitutional guarantee of the right to life (Article 21) was to ensure “life with dignity”. As the country approaches the 50th anniversary of Independence, many millions still remain below the poverty line. Poverty alleviation has, therefore, to be central to planning and development.

The seven Basic Minimum Services adumbrated by the Conference of Chief Ministers in July 1996 lie at the heart of the nation’s poverty alleviation programme. No surprise, therefore, that the Prime Minister should make the earliest possible fulfilment of BMS along with infrastructural development the pivot of his new Northeast Initiative. The promise is to invest with dignity the lives of our countrymen in the Northeast.

In his statement outlining “New Initiatives for the North-Eastern Region” the Prime Minister announced a High Level Commission critically to examine the gaps in important sectors, specially in power, communication, railways, roads, education, agriculture, etc. The Commission was also to examine the backlog in the Basic Minimum Services. After assessing these requirements, it was asked to suggest policies, programmes and fund requirements to bridge the gaps in the infrastructural sectors and remove the backlog in Basic Minimum Services in the seven Northeastern States.

The announcement further stated that “the Planning Commission will take the recommendations of the Commission into consideration and formulate specific programmes and funding arrangements for the development of the Northeastern States in the Ninth Five-Year Plan. Additional and adequate funds will be provided on an annual basis over and above the Annual Plan allocations in the Ninth Five-Year Plan to achieve these objectives”.

A Conference of Chief Ministers held in New Delhi on July 4-5, 1996, identified seven basic minimum services and set out the following

objectives to be attained by 2000 :-

- (i) 100 per cent provision of safe drinking water in all rural and urban areas;
- (ii) 100 per cent coverage of primary health service facilities in all rural and urban areas;
- (iii) Universalisation of primary education;
- (iv) Provision of public housing assistance to all shelterless families;
- (v) Extension of the mid-day meal programme in primary schools to all rural blocks, urban slums and other disadvantaged sections;
- (vi) Provision of connectivity to all unconnected villages and habitations; and
- (vii) Streamlining of the public distribution system with focus on the poor.

The Conference recognised the need for flexibility by the States in implementation of this programme in keeping with local conditions. It laid special emphasis on involvement of people through their elected panchayats and municipalities, which were seen to offer an ideal framework for the formulation, planning and execution of programmes of economic development and social justice. The active participation of the people through the institution of gram sabhas was expected to ensure transparency and accountability.

The Conference recommended an all-out effort to ensure universalisation of primary education and provision of primary health services and drinking water for all within the next two to three years. It laid emphasis on joint monitoring by the Centre and States and a periodic review of these programmes.

The detailed objectives and programmes under each of the Basic Minimum Services is summarised in **Annexure 2**.

II

The seven States in the region presented comprehensive proposals indicating their own assessment of the BMS backlog and their requirement of funds to remove it. (See **Table 1**).

Table 1

**CONSOLIDATED STATEMENT OF FUND REQUIREMENTS
SUBMITTED BY THE STATE GOVERNMENTS**

(Rs in Crores)

ITEM	ASSAM	ARUNACHAL	TRIPURA	MANIPUR	MIZORAM	MEGHALAYA	NAGALAND	TOTAL
	PRADESH							
1. Rural Connectivity	1185.00	8962.30	651.71	797.55	569.89	247.39	140.50	12554.34
2. Rural Housing/ Housing for Shelterless Poor	5852.83	147.00	729.49	181.02	28.96	43.80	263.77	7246.87
3. Safe Drinking Water Supply	1508.54	195.90	310.97	317.66	412.71	237.16	216.54	3199.48
4. Elementary Education	843.63 (457.15)	341.27 (185.81)	131.02 (401.30)	62.62 (-)	7.22 (26.75)	88.21 (339.65)	134.48 (52.55)	1608.45 (1463.21)
5. Primary Health	436.84 (484.75)	71.89 (24.00)	116.73 (75.06)	30.75 (5.42)	90.81 (27.78)	91.34 (Not indicated)	78.33 (2.57)	916.69 (619.58)
6. Nutrition	6.34	108.75	198.91	33.80	21.00	34.11	-	402.91
7. P.D.S.	11.00	19.67	5.82	6.30	11.20	0.14	11.56	65.69
TOTAL :	9837.84 (941.90)	9846.78 (209.81)	2144.65 (476.36)	1429.70 (5.42)	1141.79 (54.53)	742.15 (339.65)	845.18 (55.12)	25988.09 (2082.79)
GRAND TOTAL :	10779.74	10056.59	2621.01	1435.12	1196.32	1081.80	900.30	28070.88

NOTE: Figures in brackets relate to salary component for the 9th Plan period and are in addition to the construction /equipment component.

The Commission noted that nutritional support to poor children at pre-school and elementary education levels is provided through the Integrated Child Development Scheme (ICDS) in 'anganwadis' and through the mid-day meal programme in primary schools respectively. ICDS has been universalised; hence the institutional infrastructure for nutrition is in place. Nutritional supplements have to be provided within the State Plans. The mid-day meal programme will be universalised by the end of 1997-98 with 100 per cent Central assistance. Therefore, as far as BMS nutritional support to poor children is concerned, an institutional setup for delivery already exists or will soon be in place. Provision for the recurring cost of these feeding programmes has to be made in the State or Central Plan every year, as the case may be.

The Commission, therefore, did not consider it necessary to determine the gap and assess the requirement of funds in this area. It instead concentrated on the remaining six basic minimum services.

Our first task was to determine the physical gaps. This was not too difficult. The State Governments based their determination on the latest available data and used their informed judgement where the data was not forthcoming. In some cases, proposals included elements which we had to leave out as they appeared to go beyond the scope of BMS as defined by the Chief Ministers' Conference. Where vague estimates were furnished without detailed justification, we substituted our own reasoned judgement. On the whole, this exercise did not present too much of a problem.

Framing unit cost norms, however, was far more problematic. Each State had adopted its own norm. In many cases, this was no more than a rough and ready estimate but, in others, detailed estimates had been prepared on the basis of high specifications. A good deal of processing was required. We studied the State norms. Wherever detailed and reasonable estimates of unit cost were furnished with sufficient information, we adopted them without much modification. We held discussions with

the Central agencies operating in the Northeast in each field. We also held discussions with the concerned divisions of the Planning Commission. On the basis of such scrutiny and consultations, we derived the norms which we have adopted in calculating the requirement of funds under different heads. The norms are uniform for the region in so far as they relate to equipment, personnel and salaries. They are, however, differentiated in regard to construction costs. We believe that the norms we have adopted take adequate care of the special problems of the different States.

On the basis of the physical gaps so determined and the unit cost norms/estimates, we have assessed the funds required for each State under each of the six BMS (See **Annexure 3**). A consolidated statement of requirements is furnished in **Table 2**.



Table 2
Basic Minimum Services

(Rs. in crores)

Sector	State	Arunachal Pradesh Nagaland Meghalaya Mizoram							Total
		Assam	Tripura	Manipur	Pradesh	Nagaland	Meghalaya	Mizoram	
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Housing For Shelterless Poor	- Const.	1616.77	450.96	174.06	60.15	258.61	27.00	28.96	2616.51
Rural Connectivity	- Const.	269.20	467.71	797.55*	740.00	85.19	68.25	178.10	2606.00
Safe Drinking Water Supply	- Const.	744.65	306.13	338.01	172.67	142.85	48.42	110.31	1863.04
Elementary Education	{ Const.	253.45	61.47	25.22	30.74	10.40	72.73	4.19	458.20
	{ Salary	588.09	123.34	40.75	21.60	23.04	200.20	8.64	1006.42
Primary Health	{ - Const.	249.31	58.88	26.71	12.52	78.33*	11.70	52.06	489.51
	{ - Salary	225.33	40.76	20.70	10.86	-	5.49	41.78	344.92
P. D. S.	- Const.	5.00	3.00	-	-	-	-	3.70	11.70
Total	{ - Const.	3138.38	1348.15	1361.55	1016.08	575.38	228.10	377.32	8044.96
	{ - Salary	813.42	164.10	61.45	32.46	23.04	205.69	50.42	1350.58
Total :		3951.80	1512.25	1423.00	1048.54	598.42	433.79	427.74	9395.54
GRAND TOTAL									9395.54

Const. =Construction and equipment component.

Salary =Salary component for the 9th plan period.

* Vide note in the detailed statement relating to Nagaland.

* The Manipur Government proposes to provide connectivity to villages with a population >200 during the 9th plan period for which it has asked for a provision of Rs. 401 crores out of a total requirement of Rs. 797 crores.

The total requirement for BMS in the seven states works out to Rs. 9391 crores. This includes a component of Rs. 1348 crores which represents the estimated salary bill of the staff for the 9th Plan period on two of the six services, namely, elementary education and primary health.

The Chief Ministers' Conference recommended achievement of the targets under these services by 2000. Some State Governments, like Manipur, have phased the funding required for rural connectivity over the 9th Plan and beyond. However, considering the recommendations of the CMs' Conference, it will be appropriate to proceed on the assumption that the funds required will have to be provided during the 9th Plan period. At present, the total funding for BMS in all the seven states is of the order of Rs. 418 crores per annum. Clearly, if the targets recommended by the CMs' Conference are to be attained, substantial additional funding will have to be made available during the 9th Plan period.

We have not gone into the funding pattern and State/Central scheme-wise allocations. These are matters which are best settled by the Planning Commission. All that we would like to emphasise is that the funds recommended for each of the six services, although very large, are essential if we have to achieve the announced BMS targets in the Northeast.

The relative emphasis on a particular service differs from State to State. The final picture clearly shows that except for Meghalaya and, to some extent, Assam, rural connectivity has emerged as a high priority. This is but natural, considering the difficult terrain and long distances separating habitations, particularly in Arunachal Pradesh, Mizoram, Nagaland and the hill areas of Manipur, Tripura and Assam. Safe drinking water supply is the other high priority. Infrastructure for primary health and elementary education rank next. Large funding is required to house the shelterless poor. In all the hill areas, this service basically consists of providing corrugated sheets for roofing to upgrade the quality of housing. In the plains areas of Assam, Tripura and Imphal, standard schemes are in operation for providing shelter for the poor under the

Indira Awas Yojana. It is necessary to step up funding considerably, particularly in Assam and Tripura, so that the targets in this sector can be achieved.

The public distribution system takes last place in the priority listing as well as for funding. What has been included under this head is the construction of godowns in remote rural areas for reaching timely supplies to the target groups.

Nagaland has proposed a scheme for restructuring its primary health care system at a cost of Rs. 78.38 crores. No details have been furnished. This will have to be examined in detail by the Ministry of Health and Family Welfare and the health division of the Planning Commission. Thereafter, a view may be taken on the requirement of additional funds. We are including that amount in our statewise as well as consolidated assessment presented in **Annexure 3** and **Table 2**, with the observation that this is subject to such examination.

A large sum is required as the salary component of the elementary education and primary health care sectors. On the basis of personnel norms and average salaries, we have computed the total 9th Plan requirement on this account. These details will have to be further refined while formulating and approving specific schemes for the 9th Plan in consultation with the Planning Commission. In both sectors, the creation of infrastructure will be of little use unless an adequate complement of personnel is made available as soon as the structures are complete. This will require advance action, particularly in regard to the recruitment of trained and qualified personnel so that the facilities created are put to use without delay and the stipulated targets are achieved.

III

The required step-up in both funding and implementation is truly large. (See **Table 3**)

Table 3

**EIGHTH PLAN OUTLAY AND EXPENDITURE
OUTLAY ON BMS FOR 1996-97 AND 1997-98**

(Rs in crores)

<i>State</i>	<i>8th Plan</i>			<i>1997-98</i>	<i>B.M.S.</i>	
	<i>Original Outlay*</i>	<i>Outlay on Year to Year basis **</i>	<i>Expenditure**</i>	<i>Outlay</i>	<i>1996-97</i>	<i>1997 -98</i>
1. Assam	4662	5892	5150.83	1500	154.14	154.14
2. Arunachal Pradesh	1155	1861	1788.05	600	62.18	62.18
3. Tripura	1130	1622	1355.08	437	46.37	46.37
4. Meghalaya	1029	1480	1252.76	382	37.03	37.03
5. Manipur	979	1330	1200.26	410	44.30	44.30
6. Nagaland	844	1338	843.78	282	37.53	37.53
7. Mizoram	763	1067	1057.01	290	36.87	36.87
Total :	10562	14590	12647.77 @	3901	418.42	418.42

* Original outlay is based on 1991-92 prices.

** Based on current prices for the particular year.

@ Consists of expenditure for 1992-93 and 1993-94, revised outlay for 1994-95 and 1995-96 and outlay for 1996-97.

The Northeast's actual 8th Plan expenditure is of the order of Rs. 12,650 crores. This includes all activities in various sectors of development. As against this, the funding requirement for BMS that we have assessed is of the order of Rs. 9,391 crores or 74 per cent of the total outlay of these States during the 8th Plan. Similarly, the projected outlays for the first year of the 9th Five-Year Plan, 1997-98, totals Rs. 3,900 crores for the seven States. The additional funding that we have assessed will come close to two and a half times the total size of the Annual Plan outlay for these States.

Mobilisation of resources for the purpose will present a real challenge to the Central and the State Governments. However, such mobilisation is possible. Large though the funding requirement may appear, it constitutes only 0.75 of one per cent of GDP. Between 1990-91 and 1994-95 the Central Government tax:GDP ratio declined by a full one per cent of GDP from 10.8 per cent to 9.8 per cent. In other words, resources of the order of one per cent of GDP were given up presumably in favour of the better-off sections of society as 'incentives' in the name of economic reforms. It will be difficult to argue that it is not feasible to undertake resource mobilisation of even a lesser order and dedicate the same for BMS to the poor and disadvantaged in the Northeast.

This should be a national endeavour and a joint effort of both Central and the State Governments. The Northeast States have limitations in mobilising additional resources. It is, however, appropriate to recall the recommendation made by the Group of Chief Ministers set up by the National Development Council in July 1996 for allocation of funds for providing BMS. The Group recommended, inter alia, that as a token of their commitment, the State Governments should raise resources to the extent of 15 per cent of the allocations made by the Planning Commission for the purpose, thereby augmenting total availability. This recommendation was followed while formulating the State Plans for 1996-97.

We recommend that the same formula be applied while allocating additional resources to the States of the Northeast so that they may

achieve their BMS targets. Such contributions can come in the shape of land donated by the local community for construction of roads, primary school buildings, primary health infrastructure and godowns. In respect of housing, such a contribution is already forthcoming from beneficiaries in the region.

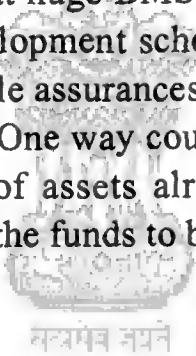
Implementation will pose a serious challenge to the State administrations. Technical advice and supervision will have to come from the respective State Departments. However, it is essential that local communities are fully involved in formulation of specific schemes and their implementation right from the beginning. Fortunately, grassroots institutions such as autonomous district councils, village development boards, and traditional tribal formations are active in many parts of the Northeast. Panchayats in the plains areas of Assam, Tripura and Manipur will need to be activated. Full details about the schemes to be taken up, their location, the estimated expenditure, and those responsible for the works will have to be properly published so that local communities or beneficiaries become fully aware of the flow of funds as well as the schedule of implementation. Transparency will ensure greater accountability and prevent leakage. Indeed, an apprehension has been expressed in responsible quarters that unless greater vigilance is exercised at every level and more transparent mechanisms are ensured at the grassroots, additionality of funds by itself will not achieve the desired goals and may even lead to greater diversion.

An effective monitoring system will have to be worked out from the block upwards to the level of the State administration with systematic and periodical reviews. The State Plans Division of the Planning Commission should be invited by the State Governments to participate in these review meetings. The monitoring and evaluation unit of the Planning Commission should also help the States to set up or strengthen similar units.

The funding of such a large programme will result in the creation of huge public assets such as rural roads, primary school buildings,

drinking water supply schemes, primary health infrastructure and godowns for the public distribution system. Proper maintenance of the assets so created will require close attention by the State Governments. It will not be realistic for them to expect maintenance funding from the Centre. While the State Governments must provide adequate funding for this purpose, every effort should be made to pass on to local communities the responsibility for maintaining rural roads, primary school buildings and drinking water supply schemes. The States can develop schemes for imparting technical training to local people so that the necessary competence is available. Funding for this level of maintenance should be the responsibility of local institutions such as district autonomous councils, village development boards and panchayats.

We recommend that this aspect should be thought through seriously and at an early stage so that huge BMS investments do not suffer the fate of many existing development schemes. A mechanism will have to be found to relate credible assurances of maintenance to the release of funds for new schemes. One way could be to stipulate that absence of proof of maintenance of assets already created will result in a proportionate reduction in the funds to be released for new schemes in the following year.



BASIC MINIMUM SERVICES

ASSAM

ITEM	Physical Gap	Unit Cost (Rs. in Lakhs)	Total Cost (Rs. in Crores)	Remarks
1. Rural Connectivity 5384 Vill. x 1.25 km	6730 Km	@ 4.00	269.20	
	Sub Total :		269.20	
2. Elementary Education				
(i) Construction of Lower Primary Schools (new)	5554 nos.	@ 1.00	55.54	
(ii) Construction of Upper Primary Schools (new)	5391 nos.	@ 2.00	107.82	
(iii) Augmentation of Existing School Buildings	13641 nos.	@ 0.50	68.21	
(iv) Drinking Water & Sanitation for (i) & (ii)	10945 nos.	@ 0.10	10.94	
(v) Salary for Lower Primary Schools 5554 X 2		@ 0.36 Per annum Per teacher	199.94	) Provision) for Ninth) Plan) Period)
(vi) Salary for Upper Primary Schools 5391 X 3		@ 0.48 Per annum Per teacher	388.15	
(vii) Furniture for New Schools (i) + (ii)	10945 nos.	@ 0.10	10.94	
	Sub total :		841.54	
3. Primary Health				
(i) Construction of Sub Centres	2733	@ 3.00	81.99	
(ii) Construction of PHC	245	@ 30.00	73.50	
(iii) Construction of CHC	114	@ 60.00	68.40	
(iv) Furniture & Equipment for PHC	245	@ 2.00	4.90	

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost (Rs. in Lakhs)</i>	<i>Total Cost (Rs. in Crores)</i>	<i>Remarks</i>
(v) Furniture & Equipment for CHC	114	@ 18.00	20.52	
(vi) Salary & Allowances for Staff at SC	2733	@ 0.96 Per annum	131.18	) For Ninth) Plan) Period)))
(vii) Salary & Allowances for Staff at PHC	245	@ 4.28 Per annum	52.43	
(viii) Salary & Allowances for Staff at CHC	114	@ 7.32 Per annum	41.72	
Sub total :			474.64	

4. Safe Drinking Water Supply

I. Rural

(i) Not Covered habitations	10060	-	256.80	) Requirement) of funds is) to take the) supply to the) existing norms
(ii) Partially Covered habitations (according to existing norms)	23793	-	180.80	
(iii) Partially Covered habitations (according to new norms)	35316	-	176.05	
(iv) Installation of iron removal plant	10000	@ 0.15	15.00	Requirement of funds to supply according to revised norms.

II. Urban

Ongoing 23 schemes	-	-	116.00	
Sub total :			744.65	

ASSAM

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost (Rs. in Lakhs)</i>	<i>Total Cost (Rs. in Crores)</i>	<i>Remarks</i>
5. Housing for Shelterless Poor				
(i) House sites for rural landless Agricultural families	66,665		20.00	
(ii) Indira Awas Yojana	7,98,384	@ 0.20	1,596.77	IAY has been under implementation for some time. Achivement so far, i.e., between 1985 - 86 to 1995-96 is 66,671. The highest annual rate of achivement reported is 26871 in 1995-96. Even if this rate were to be doubled, it would take 15 years to clear the backlog.
		Sub total :	1616.77	
6. P.D.S.				
(i) Increase in Storage Capacity from 23,000 mt. to 200,000 mt.	-	-	5.00	The need for creation of additional capacity is recognised. However, the scheme will have to be worked out in detail.
		Sub total :	5.00	
		Grand Total :	3 951.80	
		(1+2+3+4+5+6)		

BASIC MINIMUM SERVICES

TRIPURA

ITEM	Physical Gap	Unit Cost (Rs. in Lakhs)	Total Cost (Rs. in Crores)	Remarks
1. Rural Connectivity				
(i) Construction of New Approach Roads	6031 Km.	@ 5.50	331.71	
(ii) Improvement of existing Rural Roads	3200 Km.	@ 4.25	136.00	
	Sub total :		467.71	
2. Elementary Education				
(i) Construction of Primary Schools (new)	1060 nos.	@ 1.50	15.90	
(ii) Non-formal Centres	600 nos.	@ 1.50	9.00	
(iii) Construction of Upper Primary Schools (new)	883 nos.	@ 3.00	26.49	
(iv) All weather rooms in deficient Primary Schools	700 nos.	@ 0.50	3.50	
(v) Construction in deficient Upper Primary Schools	300 nos.	@ 0.50	1.50	
(vi) Furniture for new Schools	1060) 2543 nos. 600) 883)	@ 0.10	2.54	
(vii) Drinking water & Toilet (new schools)	2543 nos.	@ 0.10	2.54	
(viii) Salary for Lower Primary Schools (1060 + 600)	1660 X 2 Per teacher Per annum	@ 0.36	59.76	) For the) Ninth) Plan) Period
(ix) Salary for Upper Primary Schools	883 X 3 Per teacher Per annum	@ 0.48	63.58)
	Sub total:		184.81	

TRIPURA

ITEM	Physical Gap	Unit Cost (Rs. in Lakhs)	Total Cost (Rs. in Crores)	Remarks
3. Primary Health				
(i) Construction of Building				
SC	326	3.00	9.78	
PHC	78	35.00	27.30	
CHC	23	70.00	16.10	
(ii) Equipment & Furniture				
PHC	78	2.00	1.56	
(iii) Ambulance, Equipment & Furniture				
CHC	23	18.00	4.14	
(iv) Salary and Allowances				
SC	326	@ 0.96 Per annum	15.65	) For the) Ninth) Plan) Period)))
PHC	78	@ 4.28 Per year	16.69	
CHC	23	@ 7.32 Per year	8.42	
Sub total :			99.64	

TRIPURA

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost</i> (Rs. in Lakhs)	<i>Total Cost</i> (Rs. in Crores)	<i>Remarks</i>
4. Safe Drinking Water				
Rural (according to new norms)				
(i) Non-covered villages (spot source)	1170	)	111.50	
(ii) Partially covered villages (spot source)	1721)		
(iii) Partially covered villages (Piped Water Supply)	1721		158.47	
Urban				
13 Schemes			36.16	
		Sub total :	306.13	
5. Housing to Shelterless poor				
Households	2,25,480	0.20	450.96	
		Sub total :	450.96	
6. P.D.S				
Construction of Godowns	30 godowns	10.00	3.00	
		Sub total :	3.00	
		Grand Total:	1512.25	
		(1+2+3+4+5+6)		

BASIC MINIMUM SERVICES

MANIPUR

ITEM	Physical Gap	Unit Cost (Rs. in Lakhs)	Total Cost (Rs. in Crores)	Remarks
1. Rural Connectivity				
(i) Construction of new roads without surfacing	7420 Kms	@ 5.75	426.65	
(ii) Construction of bridges on new roads completed upto formation	7420 Kms	@ 1.67	123.91	
(iii) Surfacing of all the newly constructed roads	7420 Kms	@ 2.55	189.28	
(iv) Surfacing the existing rural roads and completion of ongoing bridges	1676 Kms	@ 5.47	91.71	
	Provided in 1996-97		831.55 (-) 34.00	
	Sub total :		<u>797.55*</u>	
<p>*Note : The State Government has proposed an outlay of Rs. 401 crores only for the Ninth Plan. The Government propose to provide connectivity to all villages with a population of 7,200 during the Ninth Plan.</p>				
2. Elementary Education				
(i) Construction of Lower Primary Schools (new)	202	@ 1.50	3.03	
(ii) Construction of Upper Primary Schools (new)	347	@ 3.00	10.41	
(iii) Construction of Rooms for Schools without building	453	@ 1.50	6.80	
(iv) Drinking water & Toilet (new schools)	549	@ 0.10	0.55	

MANIPUR

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost</i> (Rs. in Lakhs)	<i>Total Cost</i> (Rs. in Crores)	<i>Remarks</i>
(v) Furniture for new schools	549	@ 0.10	0.55	
(vi) Salaries for Lower Primary Schools 202 X 2		@ 0.36 Per annum Per teacher	7.27	) For) Ninth) Plan) Period)
(vii) Salaries for Upper Primary Schools 347 X 3		@ 0.48 Per annum Per teacher	24.98)
(viii) District Council				
(a) Primary Schools (new)	236	@ 1.00	2.36	
(b) Additional Rooms	208	@ 0.50	1.04	
(c) Furniture for new schools	236	@ 0.10	0.24	
(d) Drinking water & toilet	236	@ 0.10	0.24	
(e) Teachers' Salaries 236 X 2		@ 0.36 Per annum Per teacher	8.50	
Sub total :			65.97	

3. Primary Health

(i) Construction of building

SC	204	@ 3.00	6.12
PHC	39	@ 35.00	13.65
CHC	7	@ 70.00	4.90

(ii) Equipment, Ambulance & Furniture

PHC	39	@ 2.00	0.78
CHC	7	@ 18.00	1.26

MANIPUR

ITEM	Physical Gap	Unit Cost (Rs. in Lakhs)	Total Cost (Rs. in Crores)	Remarks
(iii) Salaries				
SC	204	@ 0.96 Per annum	9.79	) For
PHC	39	@ 4.28 Per annum	8.35	) Ninth
CHC	7	@ 7.32 Per annum	2.56	) Plan
				) Period
	Sub total :		47.41	
4. Safe Drinking Water Supply				
I. Rural				
(i) Non Covered habitations (Supply according to old norms)	387	@ 5.0	19.35	
(ii) Partially Covered habitations	99	@ 8.4	8.32	
(iii) Raising water supply level and reducing distances according to revised norms	2791	@ 6.39	178.34	
(iv) Water quality improvement schemes			5.00	
II. Urban				
Imphal City (Augmentation by 4.50 MCD)	4.5 MCD		107.00	) As projected
				) by
				) Government
Other towns	29 Towns		20.00	) of Manipur
	Sub total :		338.01	
5. Housing for Shelterless poor persons				
(i) Indira Awas Yojana	86,290	@ 0.22	172.58	
(ii) Tribal Development Plan	1,479	@ 0.10	1.48	
	Sub total :		174.06	
	Grand Total :		1423.00	
	(1+2+3+4+5)			

BASIC MINIMUM SERVICES

ARUNACHAL PRADESH

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost</i> (Rs. in Lakhs)	<i>Total Cost</i> (Rs. in Crores)	<i>Remarks</i>
1. Rural Connectivity	4935 Km	@ 15.00	740.00	Out of total 1510 unconnected villages, 523 villages with a population of 50 or less have been excluded. The average connectivity of 5 Km. is adopted.
Sub total :			740.00	
2. Elementary Education				
(i) Construction of Lower Primary Schools (new)	100 nos.	@ 2.00	2.00	
(ii) Construction of Upper Primary Schools (new)	250 nos.	@ 4.00	10.00	
(iii) Additional rooms for "Operation Blackboard" (3834 - 2030)	1804 nos.	@ 1.00	18.04	
(iv) Drinking Water & Toilets (new schools)	350 nos.	@ 0.10	0.35	
(v) Furniture for New Schools	350 nos.	@ 0.10	0.35	
(vi) Salaries for Lower Primary Schools	100 X 2	@ 0.36 per annum per teacher	3.60	) For
				) the
				) Ninth
(vii) Salaries for Upper Primary Schools	250 X 3	@ 0.48 per annum per teacher	18.00	) Plan Period
Sub total :			52.34	

ARUNACHAL PRADESH

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost (Rs. in Lakhs)</i>	<i>Total Cost (Rs. in Crores)</i>	<i>Remarks</i>
3. Primary Health				
(i) Construction of building of				
SC	185	@ 4.00	7.40	
PHC	4	@ 45.00	1.80	
CHC	3	@ 90.00	2.70	
(ii) Furniture & Equipment PHC	4	@ 2.00	0.08	
(iii) Ambulance, Furniture & Equipment CHC	3	@ 18.00	0.54	
(iv) Salary & Allowances				
SC	185	@ 0.96 per annum	8.90	) For
PHC	4	@ 4.28 per annum	0.86	) the
CHC	3	@ 7.32 per annum	1.10	) Ninth
				) Plan
				) Period
		Sub total :	23.38	
4. Safe Drinking Water Supply				
(i) Not covered	730	-)	172.67	) Total cost
(ii) Partially covered	1574	- )		) projected
		- )		) by State
				Government is
				Rs. 172.67 cr.
				for coverage of
				all not covered
				and partially
				covered habitations
				with revised norm of
				55 LPCD.
				This excludes Rs.
				23.23 cr.
				allotted in 1996- 97
				for covering 150 NC
				villages. There are
				523 NC villages with
				a population of less

ARUNACHAL PRADESH

ITEM

**Physical
Gap**

**Unit
Cost**
(Rs. in
Lakhs)

**Total
Cost**
(Rs. in
Crores)

Remarks

than 50 and as many as 119 of these are with a population of less th 10. While the State Government has provided the estimates for these villages as well, the Commission suggests that the State Government explores more cost effective ways of meeting the water supply needs of such thinly populated villages.

Sub total : 172.67

5. Housing for Shutterless Poor

50126

0.12

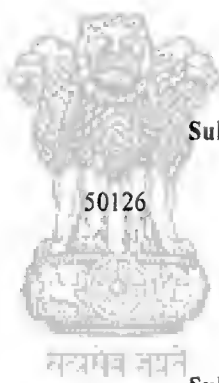
60.15

Assistance is required for providing GCI sheets to upgrade the existing shelters to the poor.

Sub total : 60.15

Grand Total : 1048.54

(1+2+3+4+5)



BASIC MINIMUM SERVICES

NAGALAND

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost (Rs. in Lakhs)</i>	<i>Total Cost (Rs. in Crores)</i>	<i>Remarks</i>
1. Rural Connectivity				
(i) Approach Roads for 125 vill/hab.	1295 Km.	@ 1.0	12.95	
(ii) Upgradation of Fair Weather/ Approach Roads to All Weather Roads(301 villages)(First Phase)	1204 Km.	@ 6.0	72.24	
(iii) Upgradation of FWR Approach Roads (255 villages) (Second Phase)	-	-	-	- Funds required are not projected by State Government
		Sub total :	85.19	
2. Elementary Education				
(i) Construction of Lower Primary Schools (new)	160	@ 1.5	2.40	
(ii) Construction of Upper Primary Schools (new)	240	@ 3.0	7.20	
(iii) Furniture for new schools	400	@ 0.10	0.40	
(iv) Drinking Water & Toilet (new schools)	400	@ 0.10	0.40	
(v) Salaries for Lower Primary Schools	160 X 2	@ 0.36 Per annum Per teacher	5.76	)For) the 9th Plan,) Period)
(vi) Salaries for Upper Primary Schools	240 X 3	@0.48 Per annum Per teacher	17.28)
		Sub total :	33.44	

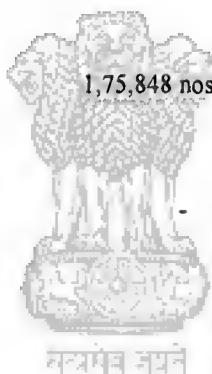
NAGALAND

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost</i> (Rs. in Lakhs)	<i>Total Cost</i> (Rs. in Crores)	<i>Remarks</i>
3. Primary Health	-	-	78.33	<p>Government of Nagaland has proposed a comprehensive restructuring and revamping of the primary health service structure in the State. They have indicated outlays only in respect of districts where they have already undertaken this restructuring in the year 1996-97. For the Ninth Plan Period only global requirements have been projected yearwise. They are as under :</p> <p>1997-98 - Rs. 10.98 crores, 1998-99 - Rs. 20.44 crores, 1999-2000 - Rs.14.17 crores, 2000-2001 - Rs. 15.59 crores, 2001-2002 - Rs. 17.15 crores.</p> <p>The approach has three elements: (i) strengthening/ restructuring of SCs/PHEs and CHCs, (ii) provision of mobile units (iii) strengthening of district hospitals.</p> <p>It will be necessary to isolate the first two elements from the point of view of strengthening required to improve primary health service. No estimates have been furnished in this regard. It will, therefore, be necessary to look into the project proposals of Nagaland in detail when they are finalised and submitted by the State Government to the Planning Commission whereupon the requirements could be determined.</p>
		Sub total :	78.33	



NAGALAND

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost (Rs. in Lakhs)</i>	<i>Total Cost (Rs. in Crores)</i>	<i>Remarks</i>
4. Safe Drinking Water Supply				
Rural				
(i) Not Covered Villages	322	@ 5.0	16.10	
(ii) Partially Covered Villages	707	-	97.65	as projected by State Government
Urban				
(iii) Urban Water Supply main towns	5	-	15.83	as projected by State Government
(iv) Urban Water Supply medium towns	4	-	13.27	as projected by State Government
		Sub total :	142.85	
5. Housing for Shelterless Poor	1,75,848 nos.	@0.15	258.61	
		Sub total :	258.61	
6. P.D.S	-	-	-	The State Government have identified 80,000 households as below poverty line households which need to be provided with foodgrains through the P.D.S. at subsidised prices. The proposal has two components : (a) subsidisation of transport charges at an annual rate of Rupees 72 lakhs for a five year period (Rs. 3.60 crores). The other element of the proposal is purchase of a fleet of 30 trucks



NAGALAND

ITEM

**Physical
Gap**

**Unit
Cost**
(Rs. in
Lakhs)

**Total
Cost**
(Rs. in
Crores)

Remarks



costing Rs. 2.87 crores. The trucks are required to reach 25 percent of the BPL households where private transport is not reported to be available. If a fleet of 30 trucks is maintained by the State Government for this purpose, it should be in a position to reach the entire population of BPL households in which case separate provision for subsidising private transport operators may not be required. The State Government may reconsider the proposal in this light which may be considered by the Planning Commission whereupon the actual requirements could be determined.

Grand Total : 598.42
(1+2+3+4+5+6)

BASIC MINIMUM SERVICES
MEGHALAYA

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost</i> (Rs. in Lakhs)	<i>Total Cost</i> (Rs. in Crores)	<i>Remarks</i>
I. Rural Connectivity				
(i) Approach Roads for 315 Villages	525 Km.	@ 13	68.25	426 villages are unconnected with an average population of 200 and below. Because of inaccessibility and difficult terrain, the State Government proposes to cover 315 villages in the Ninth Plan. The length of road is worked out on the basis of a thumb rule of 5 Km. for 3 villages.
Sub total :			68.25	
2. Elementary Education				
(i) Construction of Lower Primary Schools (new)	1561	@ 1.00	15.61	
(ii) Construction of Upper Primary Schools (new)	2000	@ 2.00	40.00	
(iii) Construction of additional Classrooms	2000	@ 0.50	10.00	
(iv) Furniture for new schools	3561	@ 0.10	3.56	
(v) Drinking Water & Toilet (new schools)	3561	@ 0.10	3.56	
(vi) Salary of Teachers for Lower Primary Schools (new)	1561 X2	@ 0.36 Per annum Per teacher	56.20	) Provision for) Ninth Plan) period
(vii) Salary for Upper Primary Schools (new)	2000 X3	@ 0.48 Per annum Per teacher	144.00	) Provision for) Ninth Plan) period @ Rs.) 28.80 crore per annum
Sub total :			272.93	

MEGHALAYA

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost</i> (Rs. in Lakhs)	<i>Total Cost</i> (Rs. in Crores)	<i>Remarks</i>
3. Primary Health				
(i) Construction of CHC	15	@ 60.00	9.00	
(ii) Equipment, Ambulance & Furniture	15	@ 18.00	2.70	
(iii) Salary & Allowances	15	@ 7.32 Per CHC Per annum	5.49	) For the Ninth) Plan) Period
Sub total :			17.19	
4. Safe Drinking Water Supply				
Rural				
(i) Not covered habitations	570	@ 5.00	28.50	According to cost and fund availability data given by the State Government 392 villages out of 962 villages will have been covered by 1996-97. Therefore, balance 570 villages is provided.
(ii) Partially covered habitations	332	@ 6.00	19.92	
Sub total :			48.42	
5. Rural Housing for Shelterless Poor	27,000	@ 0.10	27.00	State Government has assessed the total backlog at 39,000 units of which, 27,000 units are to be provided for in the Ninth Plan.
Sub total :			27.00	
Grand total : (1+2+3+4+5)			433.79	

BASIC MINIMUM SERVICES

MIZORAM

ITEM	Physical Gap	Unit Cost (Rs. in Lakhs)	Total Cost (Rs. in Crores)	Remarks
1. Rural Connectivity				
(i) New Approach Roads (Inclusive of minor bridges)	1210 Km	@ 13.00	157.30	
(ii) Improvement of existing Rural Roads	320 Km.	@ 6.50	20.80	
	Sub total :		178.10	
2. Elementary Education				
(i) Construction of Lower Primary Schools (new)	100 nos.	@ 1.50	1.50	) Provision of
(ii) Construction of Upper Primary Schools (new)	70 nos.	@ 3.00	2.10	) these new
(iii) Reconstruction of existing Upper Primary Schools	50 nos.	@ 0.50	0.25	) schools
				) include 50 LP
				and 20
				) UP schools for
				Chakma
				Autonomous
				District.
(iv) Water Supply & Toilet for new Schools	170 nos.	@ 0.10	0.17	
(v) Furniture for new schools	170 nos.	@ 0.10	0.17	
(vi) Salary of Teachers (new schools)	100 X 2	@ 0.36	3.60	) Provision for
	Per teacher			) the Ninth Plan.
	Per annum			) This includes
				) 16 language
				) teachers
	70 X 3	@ 0.48	5.04	) required
	Per teacher			) in Chakma
	Per annum			) District.
	Sub total :		12.83	

MIZORAM

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost (Rs. in Lakhs)</i>	<i>Total Cost (Rs. in Crores)</i>	<i>Remarks</i>
3. Primary Health				
(i) Construction of SC	423	@ 3.00	12.69	
(ii) Construction of PHC	85	@ 35.00	29.75	
(iii) Construction of CHC	9	@ 70.00	6.30	
(iv) Equipment & Furniture for PHC	85	@ 2.00	1.70	
(v) Ambulance, equipment & Furniture for CHC	9	@ 18.00	1.62	
(vi) Salary & Allowances for Staff at SC	423	@ 0.96 Per annum	20.30	) For) the) Ninth) Plan) Period)
(vii) Salary & Allowances for Staff at PHC	85	@ 4.28 Per annum	18.19	
(viii) Salary & Allowances for Staff at CHC	9	@ 7.32 Per year	3.29	
		Sub total :	93.84	
4. Safe Drinking Water Supply				
Rural				
(i) Not covered villages	61	@ 5.00	3.05	
(ii) Partially covered villages				
Urban	141	@ 9.00	12.69	
(iii) Provision of water supply in Urban areas	9	-	94.57	As projected by State Government
		Sub total :	110.31	

MIZORAM

<i>ITEM</i>	<i>Physical Gap</i>	<i>Unit Cost (Rs. in Lakhs)</i>	<i>Total Cost (Rs. in Crores)</i>	<i>Remarks</i>
5. Housing for Shelterless Poor	14482 Houses	@ 0.20	28.96	
		Sub total :	<u>28.96</u>	
6. P.D.S.				
Construction of Godowns (@ 500 mt capacity)	37 nos.	@ 10.00	3.70	The norm adopted is one godown to cover 20 villages.
		Sub total :	<u>3.70</u>	
		Grand Total :	<u>427.74</u>	
		(1+2+3+4+5+6)		



INFRASTRUCTURAL NEEDS

The Northeast has been a victim of retarded development for a variety of reasons earlier discussed. Additionally, the region has been losing its accumulated wealth, such as it is, through a very adverse credit-deposit ratio.

There is a broad consensus on what constitute the most urgent infrastructural priorities in the Northeast: communications and power. These are almost self selecting. The region cannot develop in geo-political isolation quite apart from the deleterious impact of this handicap on national integration. Market access is vital. Alongside good communications, energy is quite clearly the most obvious engine for giving a fillip to agriculture, promoting industrialisation and employment generation, and enhancing the financial resources of the region both directly and indirectly.

However, the vast bulk of the population lives on and off the land. Agriculture and forestry is, therefore, the bedrock on which we must build. Despite its good factor endowments, the Northeast is sadly deficient in its food supply, importing grain, oilseeds, sugar, meat, fish and eggs apart from other civil supplies from distant parts of the country. The import bill on this count would probably be in the range of Rs 2500 crores per annum. This is an unaffordable and largely avoidable resource drain that must be reversed. The Northeast's economy can generate a surplus and it must be the object of policy to ensure that it is enabled to reach its true farm potential within a decade.

River management is a very high priority for Assam in view of the damaging effect of annual floods on agriculture, infrastructure and the lives of the people.

THE FARM SECTOR

The region's agriculture can be divided into two distinct categories, hill and plain.

The Plains:

The largest part of the arable area falls within Assam. The productivity of the staple, rice, is here barely **1.3 t/ha as against a national average of 1.9 t/ha** and 1.8 t/ha in Tripura and an even better 2.4 t/ha in Manipur's Imphal Valley. Mono-cropping, lack of irrigation, credit, fertilizer and other inputs characterise the scene. Cooperative credit has collapsed with huge overdues. **Only 7 per cent of the rabi acreage is irrigated.**

Research and extension support is weak. Current agricultural education, including that in the newly established Central agricultural university which has constituent discipline-oriented colleges in all the States except Assam (**which has a separate agricultural university**), is under-graduate rather than post-graduate. The current outturn serves to staff the development departments of the various governments but is not equal to the task of research. There is for instance an inadequate supply of good deep-water, flood prone, upland and boro rice varieties.

An ICAR Complex was established at Barapani in Meghalaya in 1974 to fill this gap. But it is staffed predominantly by scientists drawn from outside. Most are reluctant to serve in the region for long. **In the result, a third of the sanctioned posts are laying vacant.** The lab-to-land transfer mechanism and downstream linkages are also weak. Tripura has for example done excellent work in developing **True Potato Seed (TPS)**, a superior, cost-saving technology that could immensely benefit both the region and the country. But it remains largely unmarketed. **ICAR spends only one per cent of its total outlay in the Northeast.**

We recommend :

- * The preparation by the Assam Government in collaboration with the Centre of a package that gives a new thrust to agriculture in the State.** The elements are known. They have to be put together with appropriate research, extension and other linkages.
- * Cleansing of cooperative overdues to restore credit flows.**
- * Rapid development in particular of the considerable groundwater resources available alongside other minor and medium schemes in Assam, the Imphal Valley and the Tripura plains.**
- * Rejuvenation and strengthening of the Assam Agricultural University, Jorhat, which is in financial distress, though onetime Central assistance as may be assessed by the ICAR.**
- * Providing more seats for Northeastern students in postgraduate agricultural institutions elsewhere in the country to ensure an adequate supply of local talent to meet the urgent and expanding scientific needs of the region.**
- * A review of agrarian relations in Assam which should include updating land records while ensuring fixity of tenure and fair rents to actual cultivators. An appropriate committee should be appointed to undertake this task within a time bound period.**
- * Expeditious action to establish the proposed ICAR Rice Research Institute at Barpeta in Assam.**

The Hills : Jhum Farming

Hill farming in the Northeast is largely under jhum though there are some excellent terraces in certain states and expanding patches of wet rice cultivation. Jhum farming is becoming less productive with a shrinking jhum cycle and has caused erosion and forest regression in

certain areas. Not all jhumia resettlement schemes have worked well; nor can jhumming be ended all at once. The problem needs to be tackled sensitively as jhum cultivation is also a way of life.

The ICAR has evolved a three-tier hill farming package combining forestry, horticulture or tree farming and terraced cultivation as one moves down the hills. Jhum improvement is advocated by others and can be carried further through appropriate R&D. **Nagaland has pioneered an excellent method of upgrading jhum by interposing a strong and increasing component of agro-forestry through assisted tree planting of selected fastgrowing economic timber**, the menu being a product of a meticulous exercise in bio-diversity mapping, documentation and breeding of plant material for widespread propagation.

Of Nagaland's 1100 villages, 500 have already been covered with farmers planting up to 100 trees each in their jhum fields and calculated to yield a harvest of Rs. 1 lakh each on a 10 year jhum cycle. With each jhum field being cultivated for two years, tree plantation in the first year with inter-cropping of ginger, tumeric, black pepper, lemon grass, citronella and other suitable varieties could over time result in a more ecologically friendly and viable agro-forestry cycle. Millions of trees were planted in the first year.

In addition, the Nagaland Environment Protection and Economic Development Through People's Action (NEPED) programme has initiated a research programme for developing a package for restoring the tree cover at higher altitudes above the jhum line as these forests have been depleted.

Around 40 per cent of the total area of Nagaland is under jhum with 1,000 sq. km under cultivation and 6,000 sq. km. of jhum fallow. A few two-ha special test plots are also being developed to conserve local herbal species. This could in time be extended in area as well as coverage to take in orchids and floriculture.

We recommend :

- * NEPED's potential for mapping, conserving, developing and exploiting the enormous bio-diversity of the Northeast marks it out as a critical lead programme.** The necessary funding, manpower development and other support required for its careful evaluation and refinement for replication or adoption elsewhere in the Region must be made available in full measure.
- * Other models of bio-diversity conservation and development that have been suggested or are under trial in other parts of the Northeast also merit support.**

Horticulture and Plantations

The Northeast hills are ecologically well suited for a wide variety of horticulture, vegetable and plantation crops ranging from the semi-tropical to temperate and alpine.

Horticultural production has suffered a loss of traditional markets and new markets have not been developed. Plant diseases stem in part from faulty cultural practices but can be overcome by developing and propagating tissue-cultured varieties. There is, however, a dearth of R&D, improved planting material, related linkages and extension.

Each State has vast possibilities for growing a range of fruit and vegetables, tuber crops, tapioca and spices. Mizoram, for example, is well placed to produce passion fruit. Productivity could also be greatly improved in the case of citrus, pineapple, banana and other varieties through tissue culture and the development of breeder seed farms. Likewise vegetables. Ratoon crops like banana can be replaced by more productive and disease free annuals.

The hills can exploit niche markets and provide off-season fruit and vegetables to the plains, including Bangladesh.

Among plantation crops, tea is well established but is capable of expansion and requires rejuvenation in certain areas. The small-grower movement has spread and could be the wave of the future. These small holders would either sell to established large producers for processing in their factories, as Arunachal foothill-growers are doing across the border in Assam, or could be cooperativised and supported by apex organisations with the necessary processing and marketing facilities of which there is a good example in Tripura.

Upland teas in Meghalaya, Arunachal and the other hill regions have a potential that awaits exploitation. They could provide special varieties and flavours to add both to quantity and quality in tea production.

Rubber is doing well in Tripura which now ranks second to Kerala in production. Here again the small holder must lead the way. The Rubber Board is doing good work in the States and has adopted farmers who have pooled their lands for rubber cultivation under its supervision. This is an interesting model that could be replicated elsewhere and in respect of other plantation crops.

It is necessary to develop processing facilities and encourage manufacture of a variety of rubber products which could be marketed in the eastern region and would, in turn, stimulate demand and expansion of acreage.

Some 50,000 Jhumia families in Tripura face acute problems of poverty and under-employment. **Of all the resettlement projects taken up, tribal rehabilitation in rubber plantations has been found to be the most effective.** It provides continuous employment till the plant attains maturity and subsequently on a long-term basis through tapping of rubber.

About 5,000 hectares have been brought under rubber for tribal rehabilitation so far. There is a proposal to bring another 7,500 hectares under the scheme. But availability of land has become a major constraint in enlarging the project. Some 60 per cent of the geographical area of

Tripura is under forest. However, the Ministry of Environment and Forests does not permit the use of unclassified, open and government forest land for the purpose of rehabilitation of tribals through plantations. In 1991, some 1500 ha. was “de-reserved” subject to the condition that an equivalent area of non-forest land should be brought under forest by the State Government. In a State like Tripura where 60 per cent of the geographical area is already forest, such a conditionality makes little sense. Moreover, **plantation of rubber in this area should, in all fairness, be treated as forest cover.** Clearly, the policy followed by the MOEF in this regard needs reassessment.

The State Government proposes to undertake during the Ninth Plan period a larger project of jhumia rehabilitation through rubber plantations on 7,500 ha of unclassified, open government forest land. The rehabilitation project has an economic as well as a political dimension. The plantation activity will not only augment the incomes of the tribals but also make them less vulnerable to the pull of anti-social elements or insurgents.

Other plantation and spice crops like ginger, tumeric, coffee, cashew, large cardamom, pepper, arecanut, jack fruit (which grows wild), lemon grass, citronella, and a host of very valuable herbs and medicinal plants, orchids and a whole range of flowers can be developed. The same innovative agronomic-market-processing chain with all the necessary linkages must be developed to ensure success and establish credibility in the minds of local farmers and the community as a good and improved fit in traditional land use and cropping patterns.

Sericulture is another area with vast potential. The Northeast produces all four known varieties of silk, namely, muga, endi, tussar and mulberry each of which has a different texture and attraction. **Moreover, handloom weaving is even now widely practised and the brilliant and intricate weaves of the region are a joy to behold and a celebration of its extraordinary cultural diversity.** Indeed, the cultural dimension of sericulture, handloom weaving and handicrafts cannot be ignored.

Modern textiles and garments have their place but the local and export potential of sericulture and local weaves remains large and precious.

Land and capital and entrepreneurial, management and marketing skills within the region are limited. Hence innovative solutions must be found.

Land is owned by individuals or communities over large tracts in the hills. **The Government generally disposes of little or no land. However, the use of land may be negotiated voluntarily** and, in some cases (as also for industry and infrastructural purposes), the State governments do make land available. Meghalaya is in the process of evolving a concept of “tribal interest” for the larger good of what is a tribal state in order to make available land for a variety of approved development purposes.

Corporate bodies in the agro-food-fibre sector have the know-how and financial and marketing capability to develop horticultural farms (possibly on abandoned jhums). Land laws and policy constraints might not permit this. **An alternative could be to develop a new joint venture concept with the local community, the concerned state government, and the corporate body as shareholders.** The land donated by a group of individuals or the community could be its investment or share holding. This would also avoid land alienation and the distressing features of brutal external intrusion into tribal communities as in Middle India. The joint venture corporation (JVC) could then establish pioneer farms for experimentation and research and could train and employ the local community to provide a skilled work force and, in time, managers and marketing and technical personnel. Care will have to be taken, however, to ensure that the process of modernisation and development does not destroy bio-diversity through propagation of uniform varieties for the short-term profit of the corporate sector.

A simpler model would be for small holders to federate under the umbrella of a cooperative apex body, a corporate body or JVC for R&D, extension, processing and marketing under a distinctive brand.

With the opening up of remoter areas, feeder ropeways to grading and processing centres, air-cooled or cold storages, **and the whole gamut of related facilities and linkages would need to be established.** These could become the new rural growth centres which, with the development of roads, would in time induce families living in isolated hamlets to relocate in more viable settlements with a full complement of basic minimum services. Such voluntary re-grouping could be a useful outcome of a new rural development strategy.

We recommend :

- * As in the case of plains agriculture, the Centre must get together with the states to **give a new thrust to horticulture and vegetable gardening.** The Himachal model may offer some relevant leads. This will include everything from plant breeding and tissue culture propagation, demonstration, training of manpower, including barefoot extension agents, post-harvest technology, marketing, cold storage, processing and pricing. **It should be possible to undertake a status review and evolve a package within six months.**
- * The various commodity boards must have a credible presence in the Northeast. Some do have an office in Guwahati and some small representation elsewhere. But this is wholly inadequate. **Each of these Boards must set up a full-fledged regional office in the Northeast and well-manned field offices spread over the region. The Silk Board should pay attention** to the Northeastern sericultural varieties and also open centres in this region.
- * A suitable framework should be developed for agro- processing through cooperativisation with corporate links where appropriate. Appropriate land use policies and voluntary “acquisition” modalities should be evolved consistent with the customary tribal pattern of land ownership and use.
- * It should be ensured that the process of modernisation and development does not subvert the salutary features of the

social collectives operating at the grassroots in tribal areas; nor destroy bio-diversity through indiscriminate propagation of uniform varieties for the short-term profit of the corporate sector.

- * **Rubber and tea, both indigenous to the Northeast, must be defined as “forest species” and permitted to be cultivated on (degraded) forest lands** without the compulsion of undertaking compensatory afforestation in double the area in non-forest lands as required under the Forest Conservation Act. Such blanket restraints are inappropriate in a state like Tripura.
- * MOEF should reconsider the present policy and allow Tripura to use degraded, unclassed, open, government forest land for rehabilitation of tribal families through rubber plantations. Immediately, 5,000 ha of such land should be released during the 9th Plan enabling the State to enlarge the rehabilitation project without insisting on alternative land being brought under compensatory afforestation.
- * The structure, staffing, role and culture of the Northeast Regional Marketing Corporation (NEREMAC) should be critically reviewed so that this and similar regional institutions are better able to fulfil their intended role. Such a study could be undertaken by one of the IIMs.
- * Mizoram and other states have proposed ambitious schemes for horticultural development. If these are fleshed out and prioritised, they should receive favourable consideration by the Planning Commission for inclusion in the Ninth Plan.

Fisheries and Animal Husbandry

The Northeast diet includes fish and meat. Nevertheless the region is heavily dependant on imports.

The Region boasts large rivers, lakes, beels and other water bodies

which provide abundant opportunity for the development of both capture and culture fisheries. **The record with regard to pisciculture is, however, disappointing.**

Fish could also be introduced in hill streams to encourage fishing as a sport. The annual Bhalukpong fishing festival is indicative of the tourist-linked potential here.

Likewise, piggery, poultry and duckery could be the basis of improved diets, self employment, income generation, processing and exports. As in the agricultural field, the problem lies in weak R&D, extension, marketing and related linkages.

Paddy-fish and pond cultivation could be greatly expanded and appropriate packages for the latter are possibly already available or could be adapted. This is an urgent task.

There is also scope for dairying, both in the hills as well as in the plains with char lands providing opportunities for fodder cropping among other uses. Assam also needs to develop its cattle in order to provide better draft power if more acreage is to be brought under rabi as soon as the kharif fields are vacated. Farm mechanisation is one answer, but the natural cattle wealth of the region also needs to be upgraded.

We recommend :

- * The same approach of cooperativisation with corporate links as appropriate could be developed for the fishery and animal husbandry sector. Credit must be provided.
- * Two expert teams should immediately be set up in each of these sectors to recommend strategies for development including facilities for introducing and adapting known technologies in the region.
- * The NDDB may be asked to suggest how dairying in the region might be promoted.

IRRIGATION

Less than Rs. 1,000 crores would have been spent on irrigation in the Northeast up to the end of the 8th Plan, of which around Rs. 450 crores would be on major and medium projects. There is a modest but useful unexploited potential for groundwater and minor irrigation development in the hill region of the Northeast and of course far more scope in Imphal Valley and Assam. Large schemes may take their time but groundwater, river lift and small diversions offer significant immediate possibilities.

The problems lie in the drying up of cooperative credit, lack of power to energise pumpsets and, possibly, weaknesses in agrarian reform that have come in the way of better land and water management. Assam's kharif crops may seem well watered by an abundant monsoon and, if anything, threatened by flood. However, dry spells call for critical life-saving irrigation.

Irrigation in Assam presently extends to some 6,27,000 ha as against an irrigable area of 2.7 m. ha. The State government has on-going schemes which will bring another 3,01,000 ha under irrigation with an outlay of Rs. 583 crores. **Additional proposals to irrigate a further 1.74 m. ha. under major, medium and minor schemes have been mooted at a cost of Rs. 7,484 crores or an average of Rs. 40,000-45,000 per ha.** Manipur has three on-going multipurpose schemes including the Thoubal and Khuga projects for which the State government has projected a requirement of Rs. 351 crores for the 9th Plan. Manipur has also proposed minor irrigation schemes costing Rs. 6.75 crores extending irrigation cover to 3,500 ha. Tripura has proposed an outlay of Rs. 350 crores for bringing an additional 68,000 ha. under irrigation, combining deep tubewells, river-lifts and diversions. Nagaland has proposals for minor irrigation and land development schemes covering 30,000 ha with an outlay of Rs. 30 crores.

There are also two other multipurpose projects, viz., **Tipaimukh in Manipur and Bairabi in Mizoram**. The project investigation for Tipaimukh is complete and the Brahmaputra Board has asked for Rs 50 crores for pre-construction activity. Further progress will depend on quick **clearance being obtained from the Manipur Government**. This needs to be expedited as it is of great importance for the Northeast region. The Fulertal barage and related irrigation component constitutes Phase II of the project. **The Bairabi project report is being prepared by the Brahmaputra Board and is expected in two years' time**. Rs 10 crores have been sought by the Brahmaputra Board for pre-construction activity. This project will provide flood moderation and irrigation facilities and cheap inland water transport from the railhead at Bairabi to Sairang/Aizawl.

For a summary of the proposals under Irrigation sector, see **Annexure 4**.

We recommend :

- * **A special drive to un-block credit and revive the cooperative structure in Assam**. NABARD, the lead bank and the NE Development Finance Corporation (NEDFi) could be requested to concert action in this regard and work out a specific package.
- * The ongoing schemes in Assam, Manipur and Tripura must be fully funded and expedited.
- * While Assam certainly requires further to augment irrigation, any additional investment must go hand in hand with plans to ensure full utilisation of the potential already created, effective maintenance and suitable revision of water rates so that maintenance costs are at least covered. The same applies to Manipur, Tripura and Nagaland.
- * The Tripura projects must be matched with adequate power supply. While we are recommending this, a close watch must

(1)	(2)	(3)	(4)	(5)
MIZORAM				
1. Creation of irrigation Potentials	0.24	<u>52.00</u>	<u>52.00</u>	State Government should work out detailed proposals so as to achieve significant step-up during the 9th Plan.
2. Bairabi Dam Project	-	-	-	Provision of Rs. 10 crores sought by the Brahmaputra Board included in the Power sector Project vide annex.8.
NAGALAND				
1. Minor Irrigation and land Development	0.30	<u>30.00</u>	<u>30.00</u>	State Government have proposed Minor Irrigation and Land Development Schemes.
TRIPURA				
1. River Lift Irrigation Schemes	0.30	150.00	150.00	In order to implement tube-wells and lift irrigation schemes, additional power supply will be required.
2. Diversion Scheme	0.20	140.00	140.00	
3. Deep Tube-wells	0.18	<u>60.00</u>	<u>60.00</u>	
		350.00	350.00	
ARUNACHAL PRADESH				
		-	-	WAPCOS has estimated ultimate irrigation potential of the order of 3,60,000 ha. So Far, irrigation facilities have been created with a potential of 83,000 ha. Huge investment is necessary. The investment will have to be coordinated with utilisation plans.
				Before any outlay is proposed for developing additional irrigation, the question of utilisation of potential already created should be tackled and a comprehensive plan for development of irrigation potential and its utilisation should be developed.
TOTAL :		<u>9065.00</u>	<u>1874.75</u>	

be kept to ensure that the energy is actually available when required.

- * The Fultertal barrage and irrigation component of the Tipaimukh project should be taken up pari passu with completion of the dam.
- * Investigation of the Bairabi project in Mizoram should be completed expeditiously.
- * The possible adverse impact of the existing agrarian structure in Assam on land and water management, including consolidation, should be examined.



IRRIGATION

Scheme	Potential Created (in lakh ha.)	Estimated Cost (Rs. crores)	Ninth Plan Requirement (Rs. crores)	Remarks
(1)	(2)	(3)	(4)	(5)
ASSAM				
1. Completion of Ongoing major and minor schemes.	-	583.00	583.00	It is important that any additional investment in irrigation must go hand in hand with (a) the plans to ensure full utilisation of potential created; (b) ensuring adequate maintenance of the assets created; and (c) suitable revision of water rates.
2. Major & Medium Schemes				
(a) State Plan	3.00	1200.00	300.00	
(b) NEC Plan	3.79	1516.00	-	
3. Minor Irrigation				
(a) State Plan	7.41	3335.00	200.00	Additional investment in minor irrigation should be made
(b) NEC (Assam component)	3.18	1431.00	-	conditional on maintenance being taken care of by local bodies.
(c) Small schemes in foothills and border areas	0.01	2.00	2.00	Priority should be given to completion of on-going schemes of minor irrigation.
		8067.00	1085.00	
MANIPUR				
1. Thoubal Multipurpose Project	0.33	390.00	262.00	
2. Khuga Multipurpose Project	0.15	131.00	51.00	
3. Dolai-Thabi Project	0.06	45.00	38.00	
4. 5 Irrigation Tank Schemes	0.02	-	3.75	
5. 5 Low-head Barrage Schemes	0.02	-	3.00	
6. Tipaimukh Multipurpose Project		-	-	- Provision of Rs. 50 crores sought by the Brahmaputra Board included in the Power sector project vide Annex. 8.
		566.00	357.75	

FLOODS

Floods have been the bane of both the Brahmaputra and Barak valleys of Assam causing severe erosion, loss of life and livestock, and heavy damage to infrastructure and property, retarding agricultural production and productivity on account of risk-avoidance and sandcasting, disrupting communications and education and posing health hazards. Majuli island is threatened. Some 4.3 million ha in the entire Northeast is flood prone and the fury of the floods has impeded development generally.

The flood damage to crops, cattle, houses and utilities in Assam alone between 1953 and 1995 is estimated at Rs 4400 crores with a peak loss of Rs. 664 crores in a single bad year.

The Assam Flood Control Department lists the contributory factors as indiscriminate forest felling (including jhumming), inadequate maintenance of flood embankments for want of funds, encroachment of the flood plain on account of population pressure, infrastructural gaps, and non-adoption of full scale non-structural flood management measures.

Current flood management structures in Assam cover 1.63 m ha out of an assessed flood prone area of 3.15 m ha in the state. However, the failure rate is high on account of inadequate maintenance and improvements. Many embankments require to be raised and strengthened or retired (replaced). According to an Assam FCD study, substantial immediate relief can be achieved by constructing 78 km of embankments along the Brahmaputra and 1066 km along the tributaries of the Barak together with 35 major protection works. 219 anti-erosion works and 101 km of drainage improvements with sluice gates. These have been prioritised with their employment generation capability being assessed as a side benefit. Manipur has its own modest set of proposals. (See Annexure 5)

This programme is seen as a sub-set of the Brahmaputra Board's master plan of short-term measures costed at Rs 1848 crores at 1995 prices, and long-term measures up to 2050 consisting of very large multipurpose storages with a significant flood cushion that are likely to cost upwards of Rs. 50,000 crores..

A Central task force with representation from the concerned States and the Brahmaputra Board is currently critically examining the Northeast flood situation. Its report is due shortly. The total expenditure on flood management in the region up to the end of the 8th Plan, including Central loan assistance to Assam, aggregates some Rs 1175 crores.

The Prime Minister has said that Brahmaputra flood control works are to be taken up as a Central project and announced a 9th Plan grant of Rs. 500 crores. Proposals for the utilisation of this sum need to be examined with great care.

The Brahmaputra Board suggests that Rs. 300 crores of this be diverted in the 9th Plan to commence construction of the long-approved Pagladiya dam in lower Assam (Rs. 480 crores, with a 28 km long 28 m. high dam) which will benefit a Bodo-inhabited area in Nalbari district. However, 14,000 displaced persons will have to be resettled. Preconstruction work will take two years and completion will spill into the 10 th Plan though some intermediate benefits are forecast within the 9th Plan itself from 270 deep tubewells to be constructed as part of conjunctive use in the 54,000 ha. right bank command.

A further Rs. 11 crores is proposed to be spend on the Harrang drainage scheme in the Barak Valley and Rs. 189 crores on flood management schemes in other Northeastern states, with something going for preliminary work on the Tipaimukh project.

The main long-term thrust is to construct a number of multipurpose storage dams in Arunachal, apart from the Tipaimukh dam, including the Dihang and Subansiri cascades, and other major dams on the Luhit,

Dibang, Noa-Dihing, Kameng, etc. These projects will significantly lower the flood peak in Upper Assam and have a moderating effect through lower Assam and into Bangladesh. The power dividend apart, they will provide navigation, pisciculture and tourism benefits and could bring over 4,00,000 ha. of land in Assam under irrigation. The Subansiri cascade, in particular, could give long-term protection to Majuli.

The Commission feels that adopting this course will leave Assam, the principal victim of annual floods in the region, bereft of any real additionality in terms of flood protection if sufficient funds are not forthcoming to fund its short-term schemes as well. Given the resource constraint and competing demands, this could well be the case. That would then leave Assam with the Pagladiya project, which offers limited flood benefit and that too only in the 10th Plan and some irrigation at fairly high cost.

The manifold income and employment generating benefits from the mega storages proposed by the Brahmaputra Board must ride on their power potential if these projects are to be viable. Power development is therefore going to determine Assam's flood and irrigation future to a considerable degree.

The round-the-year work force required for constructing and maintaining flood works, desilting beels and other water-bodies, etc., suggests the possibility of constituting a core flood conservation corps aided by some eco-development battalions raised from ex-servicemen belonging to various security forces recruited and operating in the region on the model of similar units that have proved themselves elsewhere in the country. Underground surrenderees could perhaps also be recruited to such units and given a role in national reconstruction.

Such a work force could be supplemented seasonally by idle labour, students and other volunteers from all over the country through a food-for-work youth-against-flood movement on the model of the youth-against-famine scheme once undertaken. This would be in keeping with

the spirit of Article 51A(d) of the Constitution relating to fundamental duties.

We recommend :

- * The Assam Government, Brahmaputra Board and CWC consult on inter se priorities as between Assam's short term flood proposals for the 9th Plan and the Pagladiya project for first claim on the PM's flood package. The Commission's own inclination is to support Assam's short term priority plan of around Rs. 500 crores for the period 1997-2002 for new embankments, anti-erosion works, drainage channels and construction of sluices and raised platforms.**
- * Manipur's nine flood control schemes proposed to be completed during the 9th Plan at a cost of Rs. 45 crores should be funded.**
- * Early action should be taken on the Northeast flood task force report which, apart from the Pagladiya project, should determine priorities for the other flood management and drainage works.**
- * Priority funding must go to the maintenance and strengthening of existing flood management works.**

FLOOD CONTROL

		Total Estimated Cost (Rs. in Crore)	Ninth Plan (Rs. in Crore)	Remarks
1.	Brahmaputra Board			
(a)	Subansiri)	-	-	These are long-term measures and are included in the Power sector.
)			
(b)	Dihang)	-	-	
)			
(c)	Tipaimukh)	-	-	
)			
2.	Short-term Measures			
(I)	ASSAM			
	Short-term measures, such as new embankments, anti-erosion works, drainage channels, construction of sluices, raised platforms, etc.			
	Priority-I	704.00)		
)		
	Priority-II	343.00)	500.00	
)		
	Priority-III	147.00)		
)		
		1194.00		
(II)	MANIPUR			
	Nine Flood Control Schemes	66.90	45.00	These are small schemes and are proposed to be completed within the 9th Plan.
	TOTAL	1260.90	545.00	

SAFEGUARDING THE ENVIRONMENT

Forests

The Northeast is rich in forests and extraordinarily well endowed with bio-diversity as it is the meeting point of three bio-geographic regions and boasts several endemic species. The forest cover varies but averages 65 per cent in the hills of which only 10-15 per cent is government-owned, the rest being with village communities, individuals and sundry chiefs. Jhum has resulted in considerable deforestation and degradation, especially in areas with a shrinking jhum cycle.

More damaging has been illegal felling, the indiscriminate grant of tree-permits and the multiplication of saw mills and plywood factories which in certain cases appear to be benami transactions benefiting outsiders. In Meghalaya, sacred groves such as that at Mawphlang are reminders of what and how much has been lost.

According to the Forest Survey of India, the rest of the country gained 276 sq km of forest cover during 1993-95 while the Northeast suffered a net reduction of 783 sq km. This has to be superimposed on earlier satellite imagery findings, as assessed by the FSI, which indicated a loss of 1418 sq km of forest cover in the region between 1989 and 1993. This obviously is a matter of deep concern, especially as it describes a trend. .

A public interest petition filed before the Supreme Court resulted in an interim order on December 12, 1996 staying forest felling or non-forest activity in several parts of the country including the Northeast, except in accordance with approved working plans executed through Forest Departments and/or the Centre under the provisions of the Forest Conservation Act. The Court ordered the constitution by the NE States of Committees to identify all categories of forest, list all saw mills and plywood factories in the Region, and estimate what might be the sustainable

forest cut by saw mills and plywood factories and the spacing of these units in relation to that criterion. The MOEF has meanwhile also set up a high-power committee to go into the reasons for the loss of forest cover in the Northeast and to suggest conservation strategies.

The Supreme Court's concern is well founded. However, its order has created some anxiety in parts of the Northeast as much of the life and livelihood of the people, and especially tribal communities in the hills, revolves around forests. These fears appear exaggerated as the Court's order itself states that felling of trees in forests is to remain suspended "except in accordance with the working plans of the state governments as approved by the Central Government" or, as in Arunachal, where a permit system exists, felling under permits may be done but only by the Forest Department or State Forest Corporation. Thus, legitimate activities, duly authorised as provided for under the Forest Conservation Act, should face no difficulty on the basis of Central exceptions and exemptions under the law.

An offshoot of the Supreme Court order has been dispute on whether the Forest Conservation Act applies to Sixth Schedule areas and tribal states or whether the latter are exempted unless they notify its adoption. The Centre apparently holds that while the State governments may recommend exemptions under the Forest Conservation Act for bona fide diversion of forest land, it alone has the power to so order. This raises a legal issue which needs definitive clarification as conflicting interpretations could lead to avoidable misunderstanding and tensions.

We recommend :

- * The Centre should provide authoritative clarification on the legal issue as to who has final authority to permit bona fide diversion of forest land in the Northeast.
- * The terms of reference of the MOEF's high level Committee being limited to routine forest conservation strategies, it would

be desirable for the Ministry to initiate a larger exercise aimed at producing a suitable Northeastern forest policy within the framework of the National Forest Policy that takes account of the specific ethos, needs and socio-political context of this region. The Government should constitute a body with strong Northeastern and other expert representation to undertake this task within a specific time frame.

The Environment

Apart from issues of deforestation and jhum farming, Assam in particular is losing land to the annual fury of rivers in spate. Floods and erosion constitute major problems and economic hazards that impede development over large areas for sizable numbers of people.

The fate of Majuli, a very large river island cradled by the Brahmaputra, is critical. Anything up to a quarter to a third of the island has been eaten away and the future of some 1,50,000 people is at stake. Majuli is an impoverished and predominantly tribal island with a unique cultural background as one of the remaining ancient satras or monastic sites. The Assam Government has no solution to the problem whereas the Brahmaputra Board, which is charged with recommending and implementing an overall flood strategy, has only long-term measures in mind through large Himalayan storages in Arunachal.

The Loktak Lake in Manipur, through which the Manipur river flows, constitutes another remarkable world heritage site which must be preserved. The floating vegetative islands or phungdi, many of them inhabited, and the unique fisheries they support are an economic asset and a special tourist attraction. A part of the periphery of the lake-phungdi marsh is the sole habitat of the Sangai or brown-antlered deer in the world.

The Ithai Barrage, a balancing weir, was constructed to pond the Loktak lake at a given level in order to feed the intake channel to the

Loktak Hydel Power Project (105 MW installed capacity). The consequent loss of the rhythmic rise and fall of the lake, has reportedly begun to affect the growth and quality of the phungdi with unforeseen consequences for the floating islands, the fisheries they sustain and the Keibul Lamjao National Park which is home to the brown-antlered deer. The Loktak Development Authority was set up by the Manipur Government some years ago to conserve the lake and oversee the development of its catchment and related activity.

Yet another major environmental issue in the Northeast pertains to the wholly unscientific, wasteful and hazardous mining of privately owned coal deposits in parts of Meghalaya, especially around Jowai in the Jaintia Hills. These mines could not be taken over by Coal India at the time of nationalisation as the lands were privately owned. Resort to haphazard “rat-hole” mining by the owners has scarred the countryside, blackened it with roadside dumps and coal dust, and created a fire hazard through spontaneous combustion. The coal is exported to Bangladesh in overladen trucks that have destroyed the roads in the bargain. The whole area and similar pockets are degraded and could long remain disaster areas unless the practice of ‘rat-hole mining is rationalised or ended.

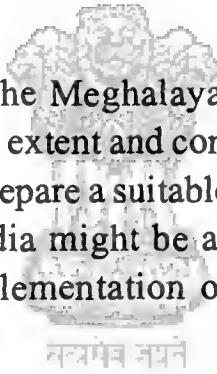
The unique and rich bio-diversity of the Northeast should be a specific responsibility of MOEF. The region is home to certain citrus and rice strains and is yet to be completely mapped for the full range of its bio-diversity. The Namdapha and Nokrek bio-sphere reserves are natural treasures whose conservation and, equally, scientific observation and use in the service of the nation and the world needs careful organisation and full support.

We recommend :

- * The Brahmaputra Board in conjunction with the Assam Government must be charged with preparing short-term plans

for protecting Majuli island as best can be. There may be no complete solution, especially in the short or intermediate run, and interim answers could entail infructuous expenditure. As against this must be balanced the fortunes of the island's population and the cost of rehabilitating even part of it should there be galloping erosion. Whatever remedies are devised must be implemented by a designated agency.

- * The Loktak Development Authority (LDA) should be strengthened and the National Hydro-electric Power Corporation (which manages the Loktak power project), the LDA and MOEF should concert action to study the impact of the Ithai Barrage and related factors on the phungdi, fisheries, and habitat of the brown-antlered deer and implement ameliorative measures.
- * The Centre and the Meghalaya Government should jointly survey the nature, extent and consequences of rat-hole mining in the State and prepare a suitable conservation and restoration scheme. Coal India might be asked to plan, supervise and assist in the implementation of a programme of scientific mining.



TRANSPORT AND COMMUNICATIONS

If there is one problem above all others that the Northeast faces it is the lack of adequate connectivity both intra-regionally as well as with the rest of the country. Few realise that the IAF even today operates what must be the largest civil air supply mission anywhere in the world apart from meeting strategic requirements in the remote Himalayan outreaches of Arunachal.

Transport and communications are a pre-condition for national integration and the defence and development of the region. Partition disrupted all of that and struck the Northeast a cruel blow from which it is yet to recover.

Railways

The Railways are a powerful integrating force and an engine of growth. Carriage to and from the Northeast has hitherto suffered from passage through the Siliguri choke point; a largely metre-gauge system; high costs of construction, operation and maintenance, especially across the Lumding-Badarpur hill section linking the Brahmaputra and Barak Valleys; and few bridges across the mighty Brahmaputra.

The scene has changed and dramatic improvement is under way. With large-scale gauge conversion, Dibrugarh will be linked to Guwahati by BG by March, 1997 while work continues on four additional spurs from this line. The total cost of all these will be Rs. 558 crores. With this, passengers and freight will be able to move from Delhi or anywhere else in India to the westernmost part of Upper Assam without change or transshipment.

This position will further improve by 1998-99 when the third Brahmaputra bridge, at Jogighopa, is commissioned. There will be a connecting line along the south bank from Goalpara, opposite Jogighopa,

to Guwahati with a spur into the Garo Hills from Dudhnoi to Depa. This will augment capacity and provide better service along the less flood and slide-prone south bank.

With the commissioning of the Jogighopa bridge, the Railways will take up construction of the even larger fourth bridge across the Brahmaputra at Bogibeel near Dibrugarh. The foundation of this Rs. 1000 crore project was laid by the Prime Minister in December 1996. The work will take 10 years to complete but construction will itself stimulate economic activity in that part of Assam while its commissioning will provide rail access to a sequestered part of Arunachal Pradesh.

The present MG hill section from Lumding to Badarpur-Silchar is saturated. A Rs. 648 crore, partly realigned 198 km BG line to Silchar has been sanctioned. Work will commence in 1998 and should be completed within six years. This will ease movements to the southern tier comprising Manipur, Mizoram and Tripura.

A 32 km MG spur from Harmutty to Itanagar will provide a rail link to the Arunachal capital at a cost of Rs. 156 crores.

Finally, the Prime Minister has laid the foundation stone for extending the Silchar-Kumarghat line in Tripura by a further 119 km to Agartala. The present cost estimate of Rs. 575 crores based on an MG alignment is being revised to BG specifications. The cost estimate is likely to be between Rs. 800-1000 crores, inclusive of the cost of BG conversion of the existing Silchar-Kumarghat MG section necessitated by the Lumding-Silchar conversion programme.

The NF Railway currently connects the Northeast with the rest of the country through both BG and MG lines running through Siliguri and New Bongaigaon. This sector is getting saturated. Moreover, the MG line up to Siliguri is to be converted to BG. In the circumstances, the Railways propose also to convert the Siliguri-New Bongaigaon section (280 km) to BG at a cost of Rs. 510 crores.

Surveys are in progress for gauge conversion along the north bank and a number of spurs into the Khasi Hills, Arunachal and elsewhere. These would be logical developments in course of time. Manipur and Nagaland are also keen on an extension from Diphu to Karong in Senapati district (Nagaland) and thence, in a second phase, to Imphal. A preliminary survey exists but this project has not been prioritised by the Railways thus far.

The same would be true of Mizoram's demand for an extension to Sairang of the presently scarcely-used spur from Silchar to Bairabi. This would give Mizoram a railhead in reasonable proximity to its capital, Aizawl.

These projects will entail an investment of Rs. 6000 crores over the next 6-10 years at current prices. About 12-14 per cent of the Railway budget is currently devoted to the Northeast. The new programme outlined will mean an additional outlay of Rs. 500-600 crores per annum. This will be a very major undertaking. (See Annexure 6). The Railways are not liable to pay any dividend on capital deployed in the Northeast. However, as the new lines will be uneconomic for some time but are necessary in the larger national interest, the Railways seek budgetary support to offset operating losses.

The prospect of better relations with Bangladesh offers a new perspective which merits close examination even as some of the existing programmes are executed. Agartala, for instance, is only five km from the Bangladesh railhead at Akhaura which straddles the Sylhet-Comilla-Chittagong line. This, could also be easily re-connected to Karimganj-Silchar at the upper end. Likewise, the completion of the Jamuna (Brahmaputra) MG bridge at Sirajganj in Bangladesh will in a few years make possible movement from Malda in West Bengal to Karimganj in Assam, provided Bangladesh is willing to enter into a transit arrangement.

About 60 BG and 6-8 MG trains per month are even now moving between India and points in Bangladesh carrying coal, cement, boulders, limestone, dolomite, foodgrains and fertilizers one way and jute, molasses, urea and Nepal cargo as return loads. This traffic is mostly in the Gede-Darsana and Singhabad-Rohanpur sectors, both BG, and to a lesser extent in the Radhikapur-Birol and Mahisasan-Shahbazpur (MG) sectors. The last named route is being used to return MG empties released on the BDR system to the Lumding-Badarpur section of the NF Railway. The BG Petrapole-Benapole line is in disuse partly because the parallel road link carries heavy traffic.

The Konkan Railway Corporation is meanwhile undertaking free of cost for the Bangladesh Railway a feasibility study regarding laying of a BG line across the Jamuna bridge.

We recommend :

- * Full funding for expeditious completion of the present clutch of sanctioned projects already under way, including the Bogibeel bridge.
- * The Diphu-Karong and Bairabi-Saireng lines should be taken up in the interests of national integration. The Commission accordingly suggests a suitable provision that will enable work to commence during the 9th Plan on these two lines and the Siliguri-New Bongaigaon conversion. The construction capability of the Railways may be augmented commensurately.
- * The operating losses on the new lines proposed should be a charge on the general budget.
- * There should be a fast and conveniently timed overnight train between Dimapur and Guwahati to enable passengers to connect with air services to and from Delhi and Calcutta.

- * Early discussions should be initiated with Bangladesh for linking up the IR and BDR railway systems, particularly in the Karimganj and Agartala sectors. India should be prepared to invest on such upgradation as the BDR system might require in order to carry the additional Indian traffic up to Chittagong. This also should include augmentation of related port capacity. These options could offer quicker and more cost-effective solutions to some of the problems of the Northeast.
- * India should offer to assist Myanmar which would like to extend its railway along the Chindwin Valley, parallel to the Mizoram-Manipur border. This would link with the main Yangon-Mandalay rail system and could form part of the Trans-Asian Railway in which international interest has revived. The Government of India was in fact earlier indirectly approached to provide coaching stock up to a value of 8-9 million dollars.

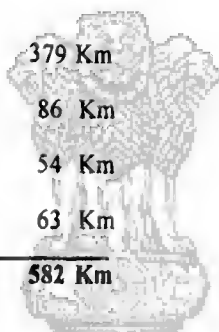


Annexure 6

RAILWAYS

(Rs. in Crores)

S.No.	Name of the Project	Cost	Requirement of Funds beyond 1996-97	Remarks
I. Approved and Other Priority Projects				
1.	Jogighopa-Guwahati- New Line (142 Km)	496 (Rly Share) [139]	139 22]	Work in progress. Share of Ministry of Surface Transport
2.	Dudhnoi-Depa - New Line (17.5 Km)	23	20	Work in progress
3.	Lumding-Dibrugarh GC including Branch Lines	558	160	Work in progress
	i) Lumding-Dibrugarh	- 379 Km		
	ii) Furkating-Mariani	- 86 Km		
	iii) Simalguri-Moranhat	- 54 Km		
	iv) Tinsukia-Lekhapani	- 63 Km		
		582 Km		
4.	Lumding-Silchar GC (198 km)		648	Survey for new alignment between Migrendisa - Dittockecherra is in progress.



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RAILWAYS

(Rs. in Crores)

S.No.	Name of the Project	Cost	Requirement of Funds beyond 1996-97	Remarks
5.	Kumarghat-Agartala-New Line (119 Km)	575	575	Survey was earlier done for MG alignment but in view of gauge conversions, the alignment is being revised to suit BG. With the gauge conversion, the estimate is likely to go up to Rs. 800-1000 crores inclusive of the cost of BG conversion of the existing Silchar-Kumarghat MG section necessitated by the Lumding-Silchar conversion programme
6.	Harmuty-Itanagar - New Line	156	156	This is a new work included in supplementary demands for grants in 1996-97 but is yet to be approved by Expanded Board and CCEA.
7.	Bogibeel Bridge	1000	1000	Survey is in progress. This project stands included in the P.M.'s package.
8.	Diphu-Karong - New Line	800	800	Planned to be taken up in future.



RAILWAYS

(Rs. in Crores)

S.No.	Name of the Project	Cost	Requirement of Funds beyond 1996-97	Remarks
9.	Bairabi-Sairang - New Line	375	375	This line will be an extension towards Aizawl, the capital of Mizoram,
		Total :	3873	
II. Others				
1.	Gauge Conversion of :			
i)	Badarpur-Kumarghat - 118 Km	900	900	The gauge conversion of these branches will have to
ii)	Katakhal-Bhairabi - 84 Km			be taken up in the coming years.
iii)	Silchar-Jiribam - 50 Km			
iv)	Baraigram-Dulabchera - 51 Km			
2.	Lekhapani-Kharsang - New Line (25 Km)	60	60	Planned to be taken up in near future.
3.	Guwahati-Barnihat - New Line (29 Km)	150	150	-do-
4.	Gauge conversion of (North bank)	500	500	Survey in progress.
i)	Rangiya-Murkongselek - 450 Km			
ii)	Balipara-Bhalukpong - 43 Km			
iii)	Rangapara-Tezpur - 26 Km			

RAILWAYS

S.No.	Name of the Project	Cost	Requirement of Funds beyond 1996-97	Remarks
5.	Siliguri-Alipurduar-New Bongaigaon GC (280 Km)	510	510	Survey of this line has recently been completed.
6.	Jiribam-Makru - New Line (19 Km)	135	135	This line will be an extension towards Imphal, capital of Manipur.
		Total :	2255	
		Grand Total :	6128	
		(I) + (II)		



Highways

The Railways currently carry about 5.5 mt of freight in the Northeast. The comparable road haulage capacity is not readily available. This is, however, certainly large and has grown fast with the introduction of national permits and the ability of road carriers to provide door-to-door service.

The National Highway, like the Railway, enters the Northeast through the Siliguri gateway and fans out over some 4420 km. Of this, about 2200 km is double lane and the balance single lane. About 12-15 per cent of the Centre's road allocation goes to the Northeast with maintenance being done by the State PWDs or the Directorate General Border Roads (DGBR) either directly or on an agency basis for the NEC which funds inter-state links. However, the maintenance budget, which is related to road length, is only about 52 per cent of the requirement. The result has been deterioration of the road network.

The state PWDs are even less well funded while both construction and maintenance costs in the Region, and more especially in the hills, is high on account of heavy rains, floods and landslides. Maintenance is a major problem as there are no user charges and the volume of traffic does not make toll roads viable.

Many States have sought upgradation of their State Highways (SH) as National Highways (NH). The Prime Minister has included the road from Agartala to Sabroom, at the southern tip of Tripura, for upgradation in his Northeast package. Many other requests and demands for new roads are pending.

The Ministry of Surface Transport (MOST) has projected a 9th Plan budget of Rs 283 crores for spillover schemes in addition to Rs 929 crores for new projects, including those in the PM's package. Its priorities are to upgrade all single-lane to double-lane carriageways according to traffic density ratios; rehabilitate bridges, replacing timber

with pre-stressed concrete structures; and strengthen existing two-lane highways. Several of these projects have been given to the DGBR for execution. Its costs are higher but the works are executed on time and are generally of better quality, making them more cost-effective in the long run.

The DGBR has additionally been sanctioned a Rs 92 crore project to build a 160 km road from Tamu (opposite Moreh in Manipur) to Kalewa in Myanmar along the proposed Indo-Myanmar trade route. (This could later link with the other sanctioned trade route from Champhai in Mizoram to Rhi-Tiddim across the border). NH 39 connects Imphal to Moreh which could become a major nodal point for trade with Southeast Asia along the proposed Trans-Asian Highway. It is, however, in poor condition at present, with maintenance in the hands of the Manipur PWD. The DGBR is willing to take over this highway as it provides the line of communication for construction of the Tamu-Kalewa road.

A number of other proposals came up before the Commission for upgradation of existing highways, completion of certain missing links, and the construction of altogether new roads. Among these is a 431 km East-West Highway that Arunachal Pradesh desires in order to link several district headquarters without the necessity of having to traverse any Assamese territory.

The section of NH 52 from Balipara to Jonai is of crucial importance to Arunachal Pradesh as it connects nine of its districts and provides the only access by road to Itanagar through NH 52A. Due to floods and political agitations, this link is not always available. What is worse, it remains in deplorable condition due to poor maintenance. The Arunachal Government has pleaded that if the Assam PWD is not in a position to ensure satisfactory road conditions, maintenance should be handed over to DGBR.

As far as State highways, major district roads and other district roads are concerned, the Commission noted that Tripura has developed

a master plan which is under consideration of NEC; Assam has worked out certain proposals on the basis of the 1981 road development plan; and other states have yet to prepare master plans. It is necessary to get these plans prepared and dovetailed into a regional plan so that ad hoc decisions are avoided.

An overview of the proposals submitted by the state governments is at **Annexure 7**.

A Working Group on a Perspective Plan for Roads in the Northeast Region submitted a carefully worked out set of proposals in 1994 which remains largely unimplemented. The overall cost estimate of that scheme came to Rs. 11,087 crores which works out to approximately Rs. 13,637 crores in 1996-97 prices. Keeping in view the availability of resources, the Working Group prioritised a phased requirement of Rs 6954 crores for the period 1994-95 to 2001-02 (or Rs 8553 in 1996-97 prices). Since it would be inadvisable to postpone action in regard to the important road sector pending the preparation of detailed state plans, the Working Group's recommendations should be taken up for implementation.

We recommend :

- * In the interest of improved trunk connectivity, the four priority roads recommended by the 1994 Working Group should be developed as national highways. These are (i) the 290 km Daboka-Lanka-Lumding-Haflong-Udarband-Silchar highway in Assam; (ii) the 241 km Kohima-Mokokchung- Amguri road providing an alternative connection between Assam and Nagaland; (iii) the 210 km Sairang-Manu highway linking Aizawl to Agartala; and, (iv) the 135 km Agartala-Udaipur-Sabroom highway in Tripura which is already included for upgradation in the PM's package. These four new national highways were estimated to cost Rs. 600 crores at 1993-94 prices. This will have to be reworked. Construction should

be given over to the DGBR which may be enabled to raise additional task forces.

- * The maintenance of the section of NH 52 between Balipara to Jonai should be entrusted to DGBR.
- * The following roads should also be given high priority in the 9th Plan proposals for upgradation of roads in the state sector.
 - (i) North Guwahati Hajo-Barpeta-North Salmara, Assam (120 km).

It provides an alternative link to North Salmara where it will join NH-31. The existing section of NH-31 between these two points is highly vulnerable to floods and is also affected by militant activities.

- (ii) Dudhnoi-Damra-Nangalbibra-Bagmara-Gasuapara-Dalu Road, Meghalaya (196 km).

This road will connect NH-37 and NH-51. It passes through limestone and coal deposits and is the route for exports of coal to Bangladesh.

- (iii.) Aizawl-Thenzawl-Lunglei-Tlabung (Demagiri), Mizoram (263 km).

Shell limestone deposits in the area between Tuirial airfield and Sailungvar Tlang will be accessed with the construction of this road.

- * The other state highways, major district roads and other district roads proposed, including the Arunachal East-West Highway, should be integrated into a regional master plan for roads.

The States should be given financial and technical support to undertake the preparation of master plans. These proposals should thereafter be placed before the Planning Commission for consideration and initiation of approved schemes for the 9th Plan. Meanwhile early action should be initiated on the basis of the recommendations of the report prepared by the Working Group in June 1994.

- * Over and beyond this, there is need for a revised regional perspective plan for road development in the Northeast with international linkages. This should be related to and prioritised according to emerging opportunities and strategic requirements and could incorporate the NEC's proposal for a road all along the Indo-Myanmar border from Champhai in Mizoram to Vijoynagar in Tirap, Arunachal Pradesh.
- * As in the case of the Railways, Bangladesh might be approached with proposals for a road connection from Agartala to Akhaura and for the construction of a major new highway from Lunglei-Tlabung (Demagiri) in Mizoram to Chittagong. This would open up both central and western Mizoram and the Chittagong Hill Tracts for development and tourism. The Tlabung (Demagiri) connection will also provide access to the Karnaphuli waterway.
- * The DGBR could be asked to take on a larger role in road development and maintenance and other construction works in the Northeast as it is already engaged in building airfields, hospitals, schools and housing and has established its capability.
- * The Rubber Board has constructed a short stretch of rubberised road in Tripura as this surfacing is better able to withstand wear and tear and heavy rain. This pilot project should be critically evaluated under varied conditions as the technology could have a bearing on maintenance costs which are very high in the Northeast.

ROADS

(State Highways, major District Roads and other District Roads :
Construction, strengthening, upgradation)

State	Road	Length in km	Estimate of Cost		Remark
			Total (Rs. crores)	9th Plan (Rs. crores)	
(1)	(2)	(3)	(4)	(5)	(6)
1. Arunachal Pradesh	(a) East-West Highway	431	509.20	-	Original estimate of Rs 235.70 crores prepared at 1989 prices has been updated to 1996-97 price level.
	(b) A number of new roads } and strengthening and } upgradation of many } others }		1118.00	-	
2. Assam	(i) Declaration as NHs and improvement of NHs:				
	(a) North Guwahati to } North Salmara }				Upgradation to National Highway sought.
			-		(a) Should be brought under provision for (ii) on a Priority basis.(b) Has been recommended.
	(b) Daboka-Lumding- } Haflong-Silichar }				
	(c) Creation of additional length, widening, strengthening and conversion of Timber Bridges to RCC Bridges		3410.00	597.00	
	(ii) State Highways		1220.00	460.00	
	(iii) Major District Roads		2024.00	50.00	

(1)	(2)	(3)	(4)	(5)	(6)
3. Mizoram	(i) Decleration as NHs: Sairand-Tuilut-Kawthah- Kantimun Road	213	147.00	-	Alternative Sairang-Manu Road linking Aizawl - Agartala has been recommended.
	(ii) Upgradation of district Roads to State Highway standards	827	503.00	-	Aizawl Thenzawl - Lunglei - Tlabung (Demagiri) (263 km) be given higher priority.
	(iii) Upgradation of village roads to District Road Standards	320	102.00	-	
	(iv) Upgradation of bridges (21 Nos.)		30.00	-	
	(v) New bridges (25 Nos.)	-	50.00		
4. Nagaland	(i) Declaration as NHs: Kohima-Wokha-Mokokchung- Anguri	-	-		Recommended.
	(ii) Expansion of road network	48	96.0)		
	(iii) Improvement of low grade Section	370	55.5)		
	(iv) Strengthening of existing weak pavements		73.80)	400.00	
	(v) Bridges (90 Nos.)		120.00)		
	(vi) Completion of ongoing Schemes		175.00)		
5. Manipur	(i) State Highways		287.00	123.00	
	(ii) Major District Roads		217.00	94.00	
6. Meghalaya	(i) Declaration as NHs:				
	(a) Dubhnoi-Damra- Nagalbibra-Bagmara- Gasuapara-Dalu Road	196	150.00	-	High priority.
	(b) Jowai-Amlarem-Dawki Road	54	27.00	-	IDFC funding be explored.
	(c) Umtyngar-Shella Road	73	55.00	-	
	(ii) Improvement of existing roads	40	12.00	-	
	(iii) Providing missing bridges (18 Nos.)		18.00	-	
	(iv) Reconstruction of Timber Bridges and replacement by RCC Bridges		21.00	-	

(1)	(2)	(3)	(4)	(5)	(6)
7. Tripura	(i) Declaration as NHs: Agartala-Sabroom road	-	-		Recommended.
	(ii) Replacement of Timber Bridges by RCC Bridges (910 Nos.)	-	305.00	)	The State Government has prepared a master plan keeping in view the requirement up to 2001. The plan is under consideration of NEC.
	(iii) Development of major District roads to intermediate lane standard	454	104.00	)	The total cost is estimated at Rs 1040 crores (1989 price level).
	Total:		10829.50		



Civil Aviation

The Northeast had a rich legacy of World War II airstrips which were used through the 1950s to operate non-scheduled air-taxi services with Dakotas and similar aircraft. It is a pity that the air connectivity that was provided in parts of the Northeast has attenuated and those assets have been allowed to degrade. “Modernisation” of civil aviation in the region has not been an unmixed blessing. Vayudoot proved unequal to the task. The Northeastern capitals are not connected to one another or to Guwahati. Economic criteria need livening with a dose of political realism. The ultimate social cost could prove cheaper.

There has, however, been some recent improvement with better schedules and augmented services. All private carriers operating on any of the 10 national trunk routes are, like Indian Airlines, mandatorily required to deploy 10 per cent of available seat-kms in those sectors anywhere in the Northeast, J&K, Lakshadweep or the Andaman and Nicobar Islands. Earlier, when IA was a monopoly, the Government used to cross-subsidise Northeastern fares. In the competitive situation that prevails today, this is no longer possible. But what IA has done is to moderate fare increases in the Northeast whenever these are raised nationally. This, therefore, means a continuing subsidy which is now borne by the national carrier. The others have followed suit in order to compete.

Under the PM’s package and otherwise, Guwahati airport is being improved to international standards in three phases: first, extension of the runway to 12,000 feet to accept Boeing 747s; next, construction of a cargo complex with warehouses, bonded storage and customs facilities; and, finally, the building of a passenger terminal (with one eye on tourism). The cost is estimated at Rs 128 crores and the entire complex should be ready by 2001-02. Surprisingly, little thought appears to have been given to the freight to be carried and related linkages.

Other projects include new airports at Tura (Garo Hills), Lengpui (Mizoram) with an 8,200 foot runway for A-320s, and improvements

at Agartala, Dibrugarh, Lilabari (North Lakhimpur), Silchar and Dimapur. Some of these have been completed and include installation of night landing facilities.

Several other proposals have been mooted by state governments such as constructing airfields for Shillong, Kohima and Itanagar. These are not on the anvil. However, Pawan Hans is to operate helicopter services from Guwahati to Shillong, Kohima and Itanagar with a 75 per cent Central subsidy which some states would like raised to 85 per cent.

We recommend :

- * Guwahati should be made a regional hub for Indian Airlines so that aircraft stationed there can operate services without delays on account of late arrival of aircraft from Calcutta or Delhi on account of fog or other weather or technical problems.
- * With the gradual lifting of the restricted area permit regime in the Northeast, and the opening of new trade and tourist opportunities, international flights should operate out of the region to destinations like Dhaka, Chittagong, Mandalay and Yangon in the first instance. Tourist packages could be developed around these services.
- * An integrated plan for the utilisation of the Guwahati international air cargo facility should be prepared by the Ministry of Commerce in consultation with the Northeastern states. Forward planning is essential and responsibility assigned for putting together all the linkages.
- * A study should be initiated for inducting short take-off-and-landing (STOL) aircraft into the Northeast circuit in view of the need to connect remote hill areas and provide feeder tourist services. Hotel operators using these STOL services or charters might work out combined holiday package rates.

- * The IAF flies air supply and passenger sorties for the civil sector, mostly in Arunachal, apart from servicing defence requirements. This task was done in the early years by non-scheduled civil operators. The Government should examine whether some or all of these services could be returned to the civil sector and if it would provide a base load for expanding air taxi services to remote areas, keeping in mind the fact that air supply operations may well decline with the extension of the border road network.

Inland Water Transport

The integrated Ganga-Brahmaputra-Barak/Meghna system together with the Sunderbans constitutes one of the great natural waterways of the world. It used to be a major artery of travel and commerce but was partly disabled by Partition and then by the great Assam earthquake of 1950, and finally more or less systematically killed by rail and road competition. The River Steam Navigation Company continued to operate in the Northeast until 1962/65. Inland water transport has since suffered benign neglect. The IWT protocol with Bangladesh has been of limited significance. Little traffic has moved while the waterway and infrastructure have deteriorated in the absence of conservancy.

The declaration of the Brahmaputra from Dhubri to Sadiya (via Haldia-Sunderbans-Bangladesh) as National Waterway No. 2 mandates the Inland Waterways Authority of India (IWAI) to develop the fairway and requisite infrastructure.

The waterway falls into three sections. The first, from Dhubri, on the Assam border, to Pandu, opposite Guwahati, has a two-metre draft and can be used by 600-800 tonne barges. There is, however, no night navigation facility. The second stage, from Pandu to Dibrugarh, is navigable for seven to eight months. Hydrographic surveys are in progress as a prelude to efforts to improve the fairway through various means. The third stage, from Dibrugarh to Sadiya, has no more than a 1.5 m draft and is very fast flowing during the monsoon.

The Brahmaputra is an erratic, dynamic, heavily silt-laden river which shifts course within its banks. It is now proposed to dredge it through a new surface water injection technique.

The IWAI has prepared a Rs 134 crore blueprint for development of the Brahmaputra fairway as well as of some Mizoram rivers during the 9th Plan. Among the latter is the Chhimtuipui or Kaladan/Kolodyne which empties into the sea near Sittwe (Akyab) in Myanmar. The river is even now navigable below Paletwa, a third of the way to the ocean from the southern tip of Mizoram.

Questions remain relating to the barge fleet, power units, jetties, installations and other infrastructural facilities. Improved relations with Bangladesh suggest new opportunities for IWT on the Brahmaputra and the Meghna/Barak to Karimganj/Silchar. One option would be to move goods up to Ashuganj on the Meghna and then by road/rail to Agartala.

The Barak/Meghna fairway is not very good but construction of the Tipaimukh dam would improve lean season flows and extend the waterway above the dam into Manipur and Mizoram.

Another waterway that should be revived is the Karnaphuli which was the traditional outlet to the sea for Mizoram from Demagiri to Chittagong. The Kaptai dam is now a barrier but a by-pass or transshipment mechanism could be devised. Bangladesh would need to cooperate and stands to gain quite considerably by providing these services and securing the development of its own waterways and infrastructure in the bargain.

We recommend :

- * High priority to IWT in the Northeast and the negotiation of enhanced transit and transshipment arrangements with Bangladesh along the lines indicated.
- * Enlarging the charter and competence of the IWAI with adequate financial support and a meaningful presence in Guwahati

and Silchar. IWAI's 9th Plan outlay of Rs. 134 crores in addition to the spillover requirement amounting to Rs. 40 crore should be met.

- * Close liaison between the Central Water Commission and Brahmaputra Board on the one hand and the IWAI on the other so that water resource development meshes with the development of waterways.
- * The Central Inland Water Corporation (CIWTC) must be strengthened with a strong regional presence. At the same time, private operators should be encouraged to take up component segments of IWT development and operation. Funding should be provided.
- * Modernised country craft development should be taken in hand to extend services to feeder routes. There should be some agency to study this matter including safety aspects and play a promotional role.
- * There has to be a policy for waterfront development and location of industries to generate traffic. Short navigation canals from such waterfronts or waterways to deepened beels with jetties and production/warehousing facilities around them might be envisaged. Ring embankments could offer flood protection.
- * A R&D facility needs to be developed to undertake studies with regard to types of river craft for different categories of waterways and cargo in the Northeast sector. Safety should be an important factor.

Transport Policy :

The Commission would like to emphasise the need to lay down an overall national transport policy particularly with regard to the Northeast. All modes of transport appear highly segmented and tend to operate in

compartments and even in indirect competition while they could be mutually reinforcing.

While there is an ICD at Guwahati, there has been no discernible effort to undertake transport optimisation studies and develop inter-modal strategies. We were told of major plans and proposals to develop the Railway system (BG conversions and new lines) and simultaneously improve and build new roads along the North bank of the Brahmaputra parallel to the great Brahmaputra waterway that is also proposed to be developed and offers a cost-effective, fuel-efficient, environment-friendly and land-saving mode of transport.

The possibilities of larger international linkages and transit facilities through Bangladesh have not been envisaged by the transport planners. This needs to be rectified and factored into a closer-knit, long range, inter-modal transportation plan for the region.

We recommend :

- * The Planning Commission may immediately commission a transport optimisation study for the Northeast both in terms of capital and operational costs and work out appropriate inter-modal perspectives.
- * A similar study is indicated for international linkages and transit/transshipment arrangements with Bangladesh, Myanmar and Bhutan.
- * There is need to develop a legal frame for these purposes and a standard combined transport document for inter-modal traffic within the country and across international boundaries.

Telecommunications

Connectivity through telecommunications is as important as physical communications and could save much time and expenditure especially

in the Northeast where terrain difficulties separate otherwise proximate places by several hours travel or even days' march. Administrative efficiency and monitoring are clearly related to facility of easy communication.

The Commission was glad to find that telecommunication services in the Northeast, relatively speaking, offer steadily improving levels of connectivity with conversion to superior systems. Virtually all subdivisional headquarters will be connected by March 1988 with all exchanges in the Region going electronic.

Village connectivity varies from state to state but the Department of Telecommunications (DOT) expects to achieve 100 per cent coverage throughout the Northeast by the end of the 9th Plan barring a small number of remote habitations where the cost is very high. Village Public Telephones (VPTs) will enjoy improved STD facilities with the multiplication of exchanges.

Although the telephone density in the region is only 1.57 telephones per 100 population, the waiting period for a new connection is less than a year and DOT is confident of meeting all demands. There will be a PCO for every 500 urban dwellers and a public booth at every 10 km of national highway by the end of the 9th Plan.

Satellite linkages through placement of earth stations is being expanded. Limitations of road access, availability of electricity and battery power pose problems. Trunk routes are, however, being strengthened with optic fibre links.

We recommend :

- * All administrative officers up to the taluka/block level should be provided with a fax connection in view of the difficult terrain and long delays involved in mail communications, especially in Arunachal Pradesh. DOT should do so by extending facsimile transmission facilities through the multiple-access

radio relay system (MARR) which currently only provides for audio-quality pay-phone operations. This must be given top priority.

- * The concerned departments should review the possibility of overall cost savings if the requirements of DOT, the Defence and para-military forces, police, AIR, DD and others can be served through common transmission masts, earth stations and other facilities, including shared sites and buildings.
- * Moreh (Manipur) has a separate exchange. This should be provided ISD facilities through VSNL in view of the new cross border trade opportunities opening up. The same applies to Champhai (Mizoram) and other potential international trade centres. The Northeast's telecommunication links with Dhaka, Chittagong, Yangon, Mandalay and Thimphu should be suitably strengthened.
- * Special connections and links should be provided to designated points within the region as well as to Bhutan and Bangladesh for transmission of rainfall, water discharge and flood data in real time. DOT/VSNL should plan this in consultation with the Ministry of Water Resources in the interests of regional cooperation.

Broadcasting

The Northeast must know more about itself and that region and the rest of the country more about one another. Broadcasting is the means to achieve this. Unless there is good and effective coverage with clear signals and reception at appropriate times of day, people in the border regions will feel left out and be attracted to foreign channels with a better reception. Satellite and cable transmissions now make it possible for viewers in the Northeast to tune into a whole range of international channels including Bangladesh and Myanmar telecasts.

BD-TV and Star TV enjoy a better quality of reception than Doordarshan in many areas.

AIR already has extensive regional coverage. It expects to operate in the FM mode from all Northeastern capitals within the 9th Plan and to commission a number of low-cost community radio stations.

The major gap is in regard to television coverage in the Northeast which currently extends only to 11 per cent of the area and 44 per cent of the population. Assam and Imphal Valley are relatively better off, but the hill states of Arunachal Pradesh, Nagaland, Mizoram and Meghalaya and even Tripura are inadequately served. The Ministry of Information and Broadcasting proposes to devote Rs 450 crores or 13 per cent of its projected Rs 3,900 crore 9th Plan outlay to the region.

At present satellite uplinking facilities are only available at Guwahati. This constitutes a major handicap. In order to overcome this, it is proposed to establish six lightweight mobile uplinking facilities in each of the remaining capitals by March 1998 at a total cost of Rs. 7 crores. These are intended to offer an interim solution pending the installation of regular earth stations costing Rs. 6 crores apiece during the 10th Plan.

It is also proposed very shortly to start a daily 15 minute news bulletin from Guwahati which will be re-broadcast from Delhi. Additionally, each regional kendra will de-link from Delhi to air five minutes of local news.

Arunachal has been served by 16 unmanned very low power transmitters (VLPTs) operating on solar batteries. They can be easily carried to remote areas and have a signal radius of 5-8 km. They cost Rs. 85 lakh each. Fifty more VLPTs are to be installed during the 9th Plan and of these 28 have already been sanctioned. Given an additional Rs 40-45 crores, DD could install a further 50 VLPTs. One technician can service up to 10 VLPTs and so a few more maintenance centres need to be set up with a complement of 13 men including a station engineer.

A number of staffing problems need to be addressed. There is a shortage of local personnel and staff drawn from outside the region are induced to come by the offer of a posting of their choice after two years. The promise is not always fulfilled. Staffing needs considerable strengthening and improvement particularly in respect of DD. This can best be done by training local talent.

AIR has a Deputy DG(NE) stationed in Guwahati. Doordarshan also has a notional regional office in Guwahati headed by a Deputy DG; but he has as yet no staff and copes as best he can. This is most unsatisfactory.

The country has over 80,000 cable operators but few are found in the Northeast, barring some pockets, including Mizoram. They are legally required to carry at least two Doordarshan channels. This they often do by using the normal rather than the dish antenna which makes for poor reception.

We recommend :

- * Steps must be taken to ensure that competent staff in requisite strength is posted to the Northeast.
- * A broadcast training facility should be established in the region and could be developed as a department in any of the Central Universities if necessary. This would help bring into being a corps of regional broadcast personnel, both technical and programme/production.
- * VLPTs should be selectively sanctioned in the other Hill States/ regions which are in shadow areas and outside the signal reach of Doordarshan. The I&B Ministry should map such areas in consultation with the concerned States.
- * Separately, Doordarshan should organise a crash training course for local youths who could at the throw of a switch enable

Arunachal VLPTs even now to carry Doordarshan's Itanagar transmission and access the local news bulletin.

- * Banks should be encouraged to finance local entrepreneurs to extend cable coverage and generate employment.
- * Immediate steps must be taken properly to staff and equip Doordarshan's DDG(NE) in Guwahati so that regional coverage is better planned and serviced.
- * AIR's community radio network should be expanded in order to cater to the developmental and cultural needs of diverse tribal communities. Appropriate funding and training arrangements should be sanctioned.
- * The four new radio uplinking stations planned to be established in the Northeast, in addition to the three currently in operation, should be brought on stream at an early date.
- * AIR Kohima must be allocated a second frequency as it is presently broadcasting in as many as 14 languages/dialects.
- * AIR should be encouraged to draw on its several tribal music units in the Northeast to establish a few outstanding regional choirs. Doordarshan could likewise support some regional ballet groups including Manipuri and Bihu troupes. The aim should be to create ensembles of international standards as the Northeast has something special to offer and must be institutionally supported to develop its creative talent.
- * AIR's Northeastern music archives are being preserved on hard disc. The collection must be properly catalogued and stored. This project should be separately funded.
- * Close liaison should be established between the regional units of AIR and Doordarshan and the Northeastern Regional Cultural Centre at Dimapur.

ENERGY

The Northeast is the home of the Indian oil industry and the region is blessed with a plentitude of energy sources which must be the dynamo for development and growth. Some of this has been tapped, notably oil, but much remains as potential awaiting exploitation for regional and national benefit.

The Hydrocarbon Sector

The country has a prognosticated reserve of about 20 bn tonnes of oil and gas. Some 25 per cent of this lies in the Northeast of which only 20 per cent has so far been established.

The Northeast has had two historic grievances regarding the hydrocarbon sector: that this developed as an extractive industry to feed refineries outside the region and that there was little value addition for local benefit through downstream processing. Both these deficiencies have now been made good. With the new Numaligarh refinery coming up, all Northeastern oil will be processed in the region. In fact, additional crude may need to be imported to sustain the refining capacity being established.

Exploration has flagged for a variety of reasons. These include lack of infrastructure such as roads in the interior and law and order problems as in Assam and Tripura which unfortunately affect many development activities in the region.

The impasse faced by ONGC on the land issue in Nagaland is happily on the way to resolution. The State legislature has passed the Nagaland (Transfer of Land Resources) Act which now awaits Presidential assent. ONGC has been offered an exploration licence by the Nagaland Government which under Article 371-A has jurisdiction over “ownership and transfer of land and its resources”.

The Nagaland Government has been paid Rs. 33 crores of accumulated royalty due to it on account of exploratory/test extraction over the past

several years. The local populace, however, is aggrieved that this revenue goes to the state exchequer whereas it gets nothing. The Petroleum Ministry is responsive and has in mind a proposal to set aside a percentage of ONGC and OIL's equity in a Foundation for Social Development to be managed by independent trustees. Dividends on this equity would be used to benefit tribal and other communities who may have lost land to these enterprises. The sense of partnership thereby created is expected to encourage local communities to assist in oil exploration and development. The idea is commendable.

The exploratory effort in the Northeast is now being augmented by private participation, with six blocks having been awarded to international companies in Arunachal, Assam and Tripura. The contracts are yet to be signed. An initial investment of 6-8 million dollars is envisaged as the first part of a phased six year programme of exploration.

The new thrust of exploration is to be in Lower Assam, Cachar and Tripura and this could yield good results if the efforts of the oil companies are not impeded by law and order problems and adequate protection is afforded to exposed personnel. An international expert is also being invited to report on any gaps in ONGC and OIL's exploratory efforts in the Northeast to date. Small traps could be located and tapped. This could result in some reorientation of the drilling programme in order to maximise overall results.

With the entry of foreign prospectors, OIL and ONGC will no longer enjoy a duopoly. Private operators are, however, likely to be far less tolerant and more demanding about the work environment and other factors. This must be understood by all concerned.

The availability and pricing of gas have aroused some controversy. Initial gas flaring was linked to associated gas from oil wells for which there was a marketing problem. In view of the shortfall in contracted offtake by certain buyers a 30 per cent over-commitment was made. Meanwhile, demand picked up whereas projected availability has shrunk with new oil fields having a third less gas than before. Only 25-30 per cent of the available associated gas is being flared, this too because

the fields are in remote locations and in some cases on account of low pressure.

The oil agencies are planning underground gas storage and propose to try and locate more free gas in the 9th Plan.

At one time there was an excess in associated gas supply. It was accordingly decided to offer this at an incentive price of Rs. 600 per tcm to the Gas Cracker Project in Upper Assam for a period of 15 years as against the market price of Rs. 1000 per tcm in Gujarat. Since the gas was being produced at virtually zero cost and would otherwise be flared, the incentive involved no subsidy. The Project has been guaranteed a quantum of gas sufficient to produce 200,000 tonnes of ethylene per annum. A number of issues have arisen pertaining to apportionment of certain costs, Phase II expansion parameters and so on, all of which need to be resolved expeditiously so that this mother project which has its origin in the Assam Accord is not further delayed.

The situation regarding gas availability has since changed and there is now a gas deficit in relation to demand. Tripura is, however, demanding a similar "gas cracker" price of Rs. 600 per tcm for its gas in order to encourage industrialisation. But all of Tripura's gas is free gas which is being produced at a cost of over Rs. 2000 per tcm. Any sale below this price would entail a substantial subsidy. Any concessional pricing of free gas must, therefore, be ruled out as there is now no excess of associated gas.

Engineers India Ltd. has meanwhile been asked to recommend an optimal plan for utilisation of Tripura gas, part of which is now going to fuel the 84 MW Rokhia thermal station. There could be possibilities of a gas exchange with Bangladesh which has a good deal of gas but little oil and is interested in importing certain petroleum products from the Numaligarh refinery when it is commissioned in 1999. Seen alongside the Northeast and Bhutan's rich hydel resources and an abundance of Indian coal, there are obvious complementarities that suggest emerging opportunities in a South Asian energy exchange.

The Northeast has very considerable oil shale deposits in Nagaland and the adjoining areas of Assam and Tirap in Arunachal. Exploiting this poses environmental hazards and the recovery of oil would not be worthwhile unless oil prices are in excess of 35 dollars a barrel. A better option has emerged in the oil bearing coal shales found in Coal India's concessions in Upper Assam. A 25 tonne pilot plant has been set up to extract oil/gas from these shales. The results will determine further developments.

We recommend

- * Every effort must be made to discover and produce more gas in the Northeast to fulfil the commitments already made and maximise the return on existing investments as in the power sector. Adequate priority must be given to sites and structures that hold out promise of gas.
- * ONGC and OIL should significantly step up their investments in oil and gas exploration in the region.
- * We commend the Petroleum Ministry's partnership-in-development proposal to transfer a small part of ONGC and OIL's equity to a Social Development Foundation that would entitle those losing land for oil/gas exploration and production to participate in profit sharing. This could serve as a model for other development sectors in the Northeast where there are special sensitivities about tribal land ownership.
- * The possibilities of a gas/oil exchange and gas grid linkages with Bangladesh may be explored as part of a wider energy exchange regime in South Asia.
- * In order to expedite the creation of roads and other necessary infrastructure for exploration in remote areas, oil companies should be permitted to undertake these works entirely at their own cost instead of the current practice of their depositing 60 per cent of the cost with the concerned state government

and then finding the work delayed or not done as the money goes into the consolidated fund and is not reallocated to the PWD which must execute the job. The matter may be pursued with the States concerned.

- * The Lingering controversies over certain aspects of the gas required for the Gas Cracker Project must be expeditiously resolved at the highest level. This major project should not be allowed to stall any further as Assam will otherwise be required to bear the high opportunity cost of delay.

Coal

There are significant deposits of low ash, high sulphur coal in the Northeast, mostly in Meghalaya and Upper Assam and with small deposits elsewhere. These have long been worked but transport bottlenecks and distance have posed problems.

Coal India is opening a new mine cut at Nangalbibra in the Simsang valley in the East Garo Hills. The coal will be transported over what is to be an upgraded road to Depa-Dudhnoi, the new railhead coming up along the Jogighopa-Guwahati BG line due to be commissioned by 1998-99. Planned production is also expected to support a proposed cement plant and 135 MW thermal station.

The Upper Assam coalfields around Margherita-Ledo are also expanding production and have a grade of coal that can be blended for coking purposes by the steel mills. Experiments are also under way to test the feasibility and economics of producing oil or gas out of some of the shales found by Coal India.

Bangladesh offers a good market for Northeast coal, especially from the Simsang Valley as a road leads down to Bagmara on the border (which too is proposed to be upgraded), while Upper Assam coal could be marketed in Myanmar.

Currently, up to 1-1.5 mt of coal is moving into Bangladesh from Meghalaya. This is being exported by private parties who own coal-

bearing lands and win the mineral through a wasteful and hazardous method of so-called rat-hole mining. As mentioned under the Environment section, early steps should be taken to bring these private “mines” under the discipline of a scientific, environment-friendly and safe mining regime. Coal India might be entrusted with this task in consultation with the Meghalaya authorities. Since the Government of India has liberalised coal policy to permit private mining, it is all the more urgent to ensure that this is done on the basis of acceptable standards.

We recommend :

- * Steps be taken to explore external market opportunities for Northeast coal and an infrastructure plan, including roads and ropeways, be developed to exploit emerging opportunities.
- * Coal India be charged with rehabilitating the private mining industry in Meghalaya in consultation with the State Government and the private landowners.

Power

The Northeast generally, and Arunachal Pradesh in particular, could be India’s powerhouse. Its great and varied energy potential (34-36000 MW in hydro-electricity alone) offers not just local opportunities but a promise of national solutions and wider regional prosperity through inter-country grid connections and energy exchange. A prime demand in all the seven Northeastern States is for more power as this is seen as the pathway to development and industrialisation.

The per capita availability of power in the region is no more than 94 kWh as against the national average of 330 kWh which is itself low even by developing-world standards. Barring Meghalaya, whose current surplus may also disappear in another five years unless fresh investments are made soon, the rest of the region has a power deficit. Overall, the Northeast has a 10 per cent energy shortfall and a 10 per cent peaking shortage.

Nevertheless, in terms of the 1981 census, 88 per cent of the total number of villages had been electrified. The actual figure is probably very much less as Assam alone claims to have 7800 unconnected villages to-day. The agricultural load is, however, abysmally low with only 6000 pumpsets having been energised as against an assessed potential of 250,000 units (related to arable land/water capability), a figure that essentially shows up Assam's poor level of groundwater development even if additional diesel operated sets are included.

At present, the Northeast's total installed capacity from all sources (hydro, coal, gas) stands at 1365 MW as against the national total of 85,000 MW. Of this, the hydro component is 460 MW from 10 operational projects. On-going hydro schemes will add 745 MW of which 580 MW will come from nine Central projects being built by NEEPCO and NHPC - including Ranganadi (405 MW, Arunachal Pradesh), Kopili Extension (150 MW, Assam), and Doyang (75 MW, Nagaland) - and 165 MW from various projects being executed by the States, including Karbi Langpi (100 MW, in the Karbi Anglong Autonomous Council area of Assam, which the Centre would like the State to hand over to NEEPCO for expeditious completion); and Likhim Ro (24 MW, Nagaland).

Five other projects with a capacity of nearly 1100 MW have been sanctioned by the Central Electricity Authority. This includes Tuirial (60 MW, Mizoram), which is part of the PM's package and is being funded by OECF, Japan, to the extent of Rs 425 crores including escalation over 10 years, though NEEPCO, the executing agency has worked out a somewhat lower order cost over an eight year period. The other projects are Tuivai (210 MW, Mizoram, and also being posed to OECF); Dhaleswari (120 MW, also in Mizoram, which is being re-investigated as it will only be viable with an irrigation component); Kameng (600 MW, Arunachal Pradesh, which the Centre would like to take over from the State Government for execution by NEEPCO); and Loktak Stage-II Downstream (90 MW, Manipur, which the State would like to own but have executed by NHPC).

The States would like projects to be in the State sector as they then get the entire power if they so wish; but then they must bear the project cost and do not have the funds. However, if any project is in the Central sector, they are entitled to get 12 per cent free power as owners of the site.

The Ranganadi project has been delayed and is likely to start spinning in 1999-2000. Full benefits must, however, await completion of the main dam two years thereafter. The Doyang project will also be similarly staggered between 1998 and 2000.

There is already a gas turbine station at Kathalguri (291 MW) in Assam and another in Rokhia (84 MW) with one more unit (21 MW) coming up in Tripura. Other gas turbine projects, such as Amguri (275 MW), Namrup (90 MW), Lakhwa (22 MW) in Assam and a proposed plant at Ramachandranagar, near Agartala (250 MW), await further availability of gas. Some coal based stations are, however, being canvassed, such as a 20 MW unit at Bairabi by Mizoram, a 135 MW unit in the East Garo Hills, and a 120 MW project at Borgoloi in Upper Assam. Additionally, the ASEB has proposed the Lakwa thermal wasteheat combined cycle project (47.5 MW).

The critical problems in the Region to-day pertain to very poor system efficiency with low plant load factors, very high transmission and distribution losses, and two financially sick electricity boards in Assam and Meghalaya, the other States operating their power systems departmentally. All the States are in default to the Power Grid Corporation, the Rural Electrification Corporation and others. The ASEB pleads that part of its problem lies in the fact that constraints of fuel have reduced its generating capacity by as much as 40 per cent which has entailed heavy loadshedding. Tariffs have been raised but do not as yet cover costs.

The Meghalaya State Electricity Board is also in financial distress for a variety of reasons including uneconomic tariffs and having to suffer substantial arrears in receipts for power exports to Assam.

Privatisation of the MSEB and its break-up into separate generation, transmission and distribution corporations was proposed and a foreign consortium did make an offer linked to opportunities to set up new hydro and thermal capacity in the State with an option to export to Bangladesh. This fell through. Apart from other factors, the Centre favoured a strong Indian presence in the new arrangement.

Any private investment in turning around the SEBs must turn on realistic tariffs as no corporation can afford to subsidise the consumer. The Centre is seized of the matter and is working on proposals to set up an independent electricity tariff regulatory authority that will instil confidence in the private sector.

As far as transmission is concerned, the Central generating units feed the Northeast grid which the Power Grid Corporation is upgrading with 220 KV and 400 KV lines. The States will need to take up lower order transmission lines and have proposed schemes costing Rs 1062 crores. There is an on-going Rs 50 crore project for system improvement and upgradation of various existing sub-stations of 132 KV and above.

The Brahmaputra Board was set up in 1980 to prepare a master plan to moderate floods and erosion in the Brahmaputra and Barak basins and plan for the development and implementation of irrigation, hydro power, navigation and other beneficial uses. In doing so, it projected three mega projects, the Dihang dam (20000 MW) on the main stem of the Brahmaputra, the Subansiri dam (4800 MW), both these in Arunachal Pradesh, and the Tipaimukh dam (1500 MW) on the Barak river as it makes a sharp U-bend in Manipur near the tri-junction with Mizoram and Assam.

Owing to the considerable submergence and displacement likely to be caused by Dihang (490 sq. km) and 35,000 persons, or a tenth of the State's population) and the Subansiri dams (193 sq. km), inundating six important townships, Arunachal Pradesh was stoutly opposed to their construction. After a long hiatus, the Brahmaputra Board persuaded the State Government to permit it to investigate other options and has

now come up with two cascades of three dams each. Neither will entail the loss of any townships. The area submerged by the Dihang cascade will be about 180 sq. km and the population displaced around 2,300. The corresponding figures for the Subansiri cascade will be 154 sq. km and 2,000 persons.

The Dihang cascade of three dams will have an installed capacity of 20,000 MW and yield firm power of the order of 7410 MW and the Subansiri cascade will have an installed capacity of 7300 MW and yield firm power of the order of 2182 MW. The unit cost of generation remains extremely attractive but the investments required are estimated at around Rs 31,215 crores and Rs 16,435 crores respectively. Both cascades have been approved by joint inspection teams comprising representatives of the CWC, the Arunachal Pradesh Government and the Geological Survey of India. Further investigations and the preparation of detailed project reports will take three to four years to complete and will require funding of up to Rs 50 crores during the 9th Plan.

The significance of these projects in terms of power generation, flood moderation and improving lean season drafts in the Brahmaputra for navigation warrants expedition. The per se prioritisation of specific dams within the cascades will need to be determined later. Construction and completion of the twin cascades may take 20-25 years.

The technical problem involved in evacuating large blocks of power through the Siliguri corridor has been resolved.

The Tipaimukh project has been broken into two phases. The high dam will provide large storage with a significant flood cushion and will have an installed capacity of 1500 MW. This will cost Rs 2889 crores (1995 prices). Phase-II envisages the construction of a barrage 100 km lower down the river at Fulertal, near Silchar, to irrigate a substantial command area in Cachar. About 92 per cent of the submergence will be in Manipur and the balance in Mizoram.

After some initial hesitation, Mizoram has approved the project.

Manipur has raised a number of objections. About 2,500 persons are likely to be displaced in 15 totally submerged villages. After some discussion, Assam has agreed to rehabilitate most or all of them. But this still leaves over the question of 90 villages where the habitations will be safe but some part of the village lands will go under. Compensation has been provided for the affected persons, but Manipur wants something more which the Brahmaputra Board is prepared to review. The Tipaimukh reservoir will also submerge portions of NH 53 between Silchar and Imphal. This will mean a new road alignment with bridges that will add some 60 km to the distance for which Manipur may seek compensation. A new road alignment has been surveyed and will need to be funded. Forest loss will be met by compensatory afforestation.

Public opinion needs to be better educated about the project as many misconceptions are abroad, clearly the product of lack of transparency at earlier stages. The Manipur Government appears to be coming around. It will get 12 per cent of the 4000 million units of energy generated per annum free of cost as the host State. Even on the basis of a fairly modest tariff, the State will earn Rs 50 crores which is more than its current annual revenue collection.

What could make this and major and medium projects far more attractive to the upper catchment population, which always appears the loser in the cost-benefit equation, is the creation of an upper catchment authority (UCA) to which could be credited for a fixed period of years, or even in perpetuity, the proceeds of a small surcharge on the power produced. This income could be used for area development, catchment area treatment, land use planning, rehabilitation of displaced persons, poverty alleviation, fisheries, tourism and market development.

An overall picture of various proposals made by central agencies and state governments is at **Annexure 8**.

We recommend :

- * Full funding be provided to on-going power projects to ensure that further cost and time overruns are avoided in this critical sector.

- * The Department of Power should concert action to refine its perspective power development programme for the Northeast, currently under preparation, in consultation with the Brahmaputra Board, NEEPCO, Power Grid Corporation and the concerned States, taking account of all pending and proposed hydel, thermal and gas-based stations on the anvil. These projects should be ranked and efforts made to secure funding.
- * System efficiency must be improved by urgent steps to reduce T&D losses and improve PLF. The CEA or Power Grid Corporation should undertake a quick study of critical gaps and linkages within three months with priority funding.
- * A similar expert assessment should be made of the additional generation that can be brought on stream by meeting fuel deficits, whether of gas or coal. Every effort should be made to meet these deficits which will also improve the financial health of the units/agencies concerned. Any modest bridging finance required for this purpose should be provided.
- * Determination of who should execute such projects at Karbi Langpi, Kameng and Loktak Downstream should be speedily resolved to avoid delay and further cost escalation.
- * The proposed power tariff regulatory authority should be brought into being as early as possible, or this might even be done separately for the Northeast as an interim arrangement, as a prelude to reorganisation of the Assam and Meghalaya electricity boards. Consumers would prefer reliable supplies and service to notional subsidies that do not really benefit them.
- * Consideration should be given to corporatising the remaining five electricity departments in the Northeast so that they are insulated from political pressure and patronage in pricing, staffing and forward planning. There has to be a new culture if the huge power potential of the region is to be realised.
- * External funding for power development in the Northeast has dried up, barring OECF, and private investors, though interested, are shy because they are unsure about the returns. Efficient SEBs/power corporations can attract commercial

borrowings, institutional lending and private investment, Indian and foreign, provided the Government is willing to underwrite these transactions particularly in regard to mega projects. We accordingly recommend that the Centre guarantee these borrowings on suitable terms and conditions related to Northeast realities and opportunities.

- * The Brahmaputra Board should be greatly strengthened commensurate with its transcending role and responsibility in the Northeast. It must have a meaningful presence in all the States, especially Arunachal where it has a major task ahead of it. The necessary funding and personnel should be made available for this purpose.
- * The Brahmaputra Board has sought Rs 50 crores to undertake the Dihang and Subansiri cascade studies. This should be sanctioned so that DPRs are available and prioritisation per se and investment decisions can be taken well within the 9th Plan period. Some modest additional funding should be earmarked for initiating any necessary pre-investment infrastructure pertaining to these projects.
- * The Brahmaputra Board, and all other water resource and development agencies in the Northeast, must be mandated to the fullest transparency so that public confidence and accountability are both enhanced. Early public hearings and consultation with NGO groups could prove rewarding. Delays in implementing mega projects would be disastrous and it is imperative that compensatory action to mitigate environmental impacts and protection of bio-diversity is assured.
- * A Barak Valley-Barail Upper Catchment Authority should be legislated and funded through a surcharge on energy generated by the Tipaimukh Project. Similar catchment area authorities should be routinely established as part of all major and medium projects in the Northeast as a means of avoiding traditional catchment-command area tensions and using large dam construction as spearheads for major area development in otherwise sequestered and neglected regions. Tuirial, Tuivai,

Ranganadi, Doyang, Kameng and other projects would be immediate candidates.

- * An early inter-state meeting should be convened by the Centre at the highest level to secure full agreement on and approvals for the Tipaimukh project which could have a transforming effect on the southern tier of the Northeast. The sum of Rs 50 crores sought by the Brahmaputra Board for initiating work on the project during the 9th Plan should be made available with the assurance that further funding will be forthcoming to accelerate construction.
- * Since the Tipaimukh Project could also benefit Bangladesh, further design optimisation and cost-benefit sharing to mutual advantage should be explored.
- * Investigations of the twin Chhimtuipui(Kaladan) hydro projects in southern Mizoram should be conducted with an eye to investigating the possibility of navigation down the river to Sittwe (Akyab) and the sea. The cooperation of the Myanmar authorities should be sought. The Kaladan is reportedly already navigable for a considerable stretch in Myanmar up to Paletwa.
- * Initial planning should be taken in hand to tie the Northeastern and Eastern electricity grids in view the of expected growth of generation in the Northeast and Bhutan. A situation must be avoided such as currently prevails when surpluses in the eastern grid cannot be transferred to the adjacent power-short northern and southern grids. In fact, the Northeastern grid is poised to be and must become the lynchpin in improving the national and regional hydro-thermal mix in the interests of system stability, peaking efficiency, flexibility and improved maintenance.
- * Even in the intermediate period, power generation could become the cash-strapped Northeast's largest source of resource mobilisation. Power planning and implementation to tap the region's hydro/energy potential must, therefore, be seen as an essential element of national power strategy linked to plans for establishing a sub-regional or South Asian energy exchange grid.

POWER : GENERATION AND TRANSMISSION

State/Project	On-going Projects			New Projects			Remarks
	Capacity (MW)	Total Cost	9th Plan Requirement (Rs in Crores)	Capacity (MW)	Total Cost	9th Plan Requirement (Rs in crores)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A. GENERATION :							
I. HYDEL							
ASSAM							
1. Karhi Langpi	100	290.00	150.00	-	-	-	
2. Dhansiri Mini Hydro	5 × 3 × 1.3	73.00	35.00	-	-	-	
3. Lower Kopili	-	-	-	150	618.00	516.00	
ARUNACHAL PRADESH							
1. Ranganadi Phase - I	405	920.00	169.00	-	-	-	
2. Kameng	-	-	-	600	1785.00	-	
3. New Subansiri (Cascade)	-	-	-	7300	16435.00	50.00	DPR expected by 2000.
				(Firm 2182))		
)		
4. New Dihang (Cascade)	-	-	-	20000	31215.00	50.00	DPR expected by 2000.
				(Firm 7410))		
5. Ranganadi Phase - II	-	-	-	100	544.00	-	
6. Dikrong	-	-	-	100	298.00	-	
7. Damwe	-	-	-	520	2200.00	-	
MANIPUR							
1. Loktak Downstream	-	-	-	90	647.00	426.00	Included in the PM's package.
2. Irang	-	-	-	60	118.00	30.00	
3. Three Mini HEP (Leimakhong, Tuipaki, Gelnel)	-	-	-	2.9	5.50	5.50	
4. Tipaimukh Dam Project	-	-	-	1500	2889.00	50.00	
MEGHALAYA							
1. Laiska	-	-	-	54	183.00	80.00	
MIZORAM							
1. Small Hydro Project	9	34.00	34.00	-	-	-	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2. Tuirial HEP	-	-	-	60	425.00	425.00	Included in the PM's package.
3. Bairabi Dam HEP	-	-	-	75	318.00	10.00	
4. Tuirai	-	-	-	210	685.00	-	DPR yet to be prepared. OECF is to be approached for funds.
5. Kaladan Phase - I	-	-	-	60	335.00	130.00	
6. Kaladan Phase - II	-	-	-	400	-	-	Under investigation.
<u>NAGALAND</u>							
1. Likhim Ro	24	149.00	46.00	-	-	-	
2. Three Mini Hydro	-	7.60	7.60	-	-	-	
3. Doyang HEP	75	385.00	67.00	-	-	-	
II. THERMAL (COAL)							
<u>ASSAM</u>							
1. Borgoloi Coal Thermal	-	-	-	120	367.00	5.00	Funds required for preparatory works.
<u>MEGHALAYA</u>							
1. Garo Hills Coal Thermal	-	-	-	150	540.00	-	
<u>MIZORAM</u>							
1. Bairabi Coal Thermal	-	-	-	20	82.50	82.50	
III. THERMAL (GAS)							
<u>ASSAM</u>							
1. Gas-based Project at Amguri	-	-	-	275	-	-	Subject to availability of gas. Subject to
2. Namrup Gas-based Thermal Extension	-	-	-	90	302.00	5.00	availability of gas.
3. Lakwa Gas Thermal	-	-	-	22	75.00	75.00	Subject to availability of gas.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRIPURA							
1. Rokhia Gas Thermal	-	-	-	21	95.00	-)
							) Subject to availability of
							) gas.
2. Gajaria Gas Thermal	-	-	-	8	40.00	-)
3. North Tripura Gas Thermal	-	-	-	8	40.00	-	) These proposals will be
							) feasible only if
4. Ramchandranagar Gas Thermal-	-	-	-	250	-	-	) MOPNG assures gas
							) linkage.
IV. COMBINED CYCLE							
ASSAM							
1. Lakwa Waste Heat	-	-	-	47.5	212.00	212.00	
B. TRANSMISSION							
ARUNACHAL PRADESH							
1. Ranganadi 132 KV Lines, Sub- Stations, Bay Extension, etc.	-	-	-	-	120.00	120.00	
2. Ranganadi Transmission 400 KV Line	-	-	-	-	95.00	95.00	
ASSAM							
1. Transmission Network	-	-	-	-	781.00	628.00	
MANIPUR							
1. Transmission Network	-	-	-	-	84.00	84.00	
MEGHALAYA							
1. 132 KV Single Circuit Line	-	-	-	-	20.00	20.00	
MIZORAM							
1. Transmission Network	-	-	-	-	40.00	40.00	
NAGALAND							
1. Transmission Network	-	-	-	-	15.00	15.00	
TRIPURA							
1. Transmission Network	-	-	-	-	60.00	60.00	
GRAND TOTAL:		1858.60	508.60		61669.00	3164.00	

INDUSTRY, HANDLOOM AND HANDICRAFTS

Today, employment in the Northeast is almost synonymous with government service. This cannot continue. There has to be a shift to employment generation in industry, and the agro-processing, craft and service sector.

The people of the Northeast must be made aware of the fact that bandhs, extortion, kidnapping and other disruptive and delaying activities only impede the creation of wealth and employment opportunities and they act as a damper on the multiplier effect.

The enormous employment and income-generating potential of the handloom and handicraft sector must be creatively tapped by providing the necessary inputs, credit, design and marketing facilities. Ethnic weaves and crafts functionally adapted to modern usage have a great future.

We recommend :

- * The National Institute for Design, Ahmedabad, should be invited to play a lead role in establishing design bureaux for a variety of textiles and crafts in the Northeast with special funding. The Handloom and Handicrafts Boards and the HHEC should also be geared to the task.
- * Special emporia and exhibition centres should be established within the region, in the rest of the country and at suitable locations abroad in order to promote the marketing of these wares.
- * Disputed areas along inter-state boundaries in the Northeast should, if possible, be declared or treated as development zones with the mutual consent of the parties concerned. They could be used for the development of infrastructure and industrial

areas that could attract investment for the production of manufactures for export or for meeting some of the region's consumer requirements.

- * Export processing or special economic zones should be established with all necessary infrastructure at suitable locations in the Northeast to attract export industries. Joint ventures could be floated with Bangladeshi and other entrepreneurs to exploit the Northeast and export markets.



URBANISATION AND SPATIAL PLANNING

The Northeast is less urbanised than the rest of the country. A variety of factors including the law and order situation and processes of modernisation and change have resulted in educated youth moving into towns. This is particularly evident in the burgeoning growth of Aizawl, Kohima, Dimapur, Imphal and Shillong.

The development of airports, railheads, tourist centres, border markets and industries as well as of district, state and national highways is likely to influence demographic relocation in up-coming centres of opportunity. Care should be taken to ensure that these growth centres are properly planned and do not degenerate into urban slums and fall prey to land speculators.

We recommend :

- * Master plans be prepared/reviewed for all State capitals, larger towns and potential growth centres with expert assistance. This is all the more necessary in the fragile hills where unregulated construction, high-rises and lack of infrastructure have degraded the urban environment and caused serious traffic and sanitation problems.
- * In cases of urban expansion or potential township development around new airports, railheads, industrial centres and other growth poles such as the Shillong satellite town, Legpui airport (Mizoram), and Nangalbibra (East Garo Hills), the Government should freeze land prices and any new construction within a given radius. This will ensure urban standards and enable the state to retain the capital appreciation of land through betterment. This will provide a source of funding through regulated sales for approved purposes and preclude land speculation designed to fill private coffers.

- * The Imphal Capital plan that has been prepared should be carefully evaluated and funded in phases.
- * The Assam Rifles are reportedly to evacuate the remaining portion of the Kangla Fort premises in the heart of Imphal. The Fort is a hallowed Meitei heritage site which should be restored as a centre of Meitei culture and history as may be determined by a special committee. This project should be assisted through a core grant from the Centre.
- * The same should be done for Gargaon, the ancient Ahom capital near Nazira, and Sibsagar in Assam and other heritage/historic sites. These places recall the pride and glory of the Northeast.



TRADE AND TRANSIT

The Northeast is bottled up in a corner of India with only two per cent of its external perimeter marching with the rest of the country. Obviously therefore external economic relations must be of special relevance to it in terms of trade and, in the particular circumstances of the region, transit.

These possibilities have now opened up in view of the steady improvement in the country's external relations with Bangladesh, Myanmar and China. The Northeastern states are keen to resume their traditional trade and cultural ties with these neighbours and see great mutual benefit to all concerned in the process.

Bangladesh is understandably restive about its unfavourable balance of trade with India. It, however, has a locational advantage in supplying the Northeast with various goods and services for which it could create additional industrial capability to the extent required on its own or with Indian partners. Equally, the Northeast could find in Bangladesh a market for a range of agricultural produce, cement or clinker and limestone with buy-back arrangements, coal and power. Bangladesh produces certain kinds of tea in Sylhet which can perhaps be imported and blended with Assam varieties. Trade in gas and petroleum products or a larger energy exchange would appear viable and desirable in the interests of optimisation.

Simple border trade in headloads or small quantities would benefit local communities on either side and would be important in itself quite apart from substantive inter-country trade.

Transit also holds out considerable mutual benefits. Revival of traditional water routes along the Brahmaputra, Meghna/Barak and Karnaphuli would enable Indian vessels to navigate through Bangladesh between West Bengal and Dhubri and Karimganj in Assam or via Chittagong to Demagiri in Mizoram and vice versa. Bangladesh would find a cheap means of moving its goods into various parts of the Northeast and thence, using existing or prospective road and rail facilities, to market its goods in Bhutan and Myanmar.

Transit by road or rail would be as productive and, again, mutually beneficial. The pre-1947 rail links could be re-connected at several points as desired, or new links could be established as from Agartala to Akhaura or from West Bengal to Bangladesh and then across the new Jamuna (Brahmaputra) bridge under construction at Sirajganj to link up with the Northeast rail network. The Indian carriage would bring considerable revenues to the Bangladesh Railway (BDR) and put it in the black. In fact, India should be prepared to invest in upgrading the Bangladesh road, rail, waterway and port systems to the extent that this is requested and required in order to handle the additional volume of Indian traffic. The employment this would generate would be a bonus while goods moving in sealed/bonded containers or wagons should preclude diversion.

Bangladesh would benefit from transit by rail and road through India to Bhutan, Nepal, Myanmar, China and even Pakistan (from where it imports cotton for its thriving garment industry).

The current volume of so-called informal trade between the two countries suggests that there is abundant scope for beneficial mutual exchange through legitimate channels. This merits a careful study of items, volumes, directions, linkages, infrastructural gaps, a legal frame, inter-modal arrangements and customs and movement protocols. A Calcutta-Dhaka bus service has been proposed. Consideration might be given to extending such a service or launching independent services to Agartala in due course. Air services too would stimulate commerce and tourism.

A high-powered Bangladesh mission that visited Assam and Meghalaya in 1996 expressed great interest in trade prospects with the Northeast.

Nepal, Bhutan, Bangladesh and India have already agreed on sub-regional cooperation within the ambit of SAARC. The idea of building a Trans-Asian Highway and Railway, with spurs to Southwest China, have been revived. Bangladesh and India could cooperate in giving shape and content to these ideas in partnership. An energy exchange/grid would be one of several candidates for fruitful cooperation.

The signing of an MOU with Myanmar in 1994 has excited interest in the western bordering regions of the Northeast with hopes of a revival of traditional links with that country. Two of three trade exchange points have been designated at Moreh-Tamu in the Manipur sector, Champhai-Rhi in the Mizoram sector, and at an as yet indeterminate third point which could be at Ledo or Lekhapani in Upper Assam and on through the Pangsau Pass in Tirap along the famous wartime Burma Road through Myitkyina and Mandalay to Kunming in Yunnan.

The Moreh trade has started but considerable infrastructure needs to be developed. The Myanmar side appear to be further ahead in their readiness. They have sought Indian assistance in upgrading the Tamu-Kalewa-Kalemayo road (160 kms) which the Border Roads Organisation is to undertake (Rs. 92 crores). This should stimulate trade and also provide facilities for better border management. The Imphal-Moreh road needs improvement too both as a commercial highway and as the line of communication for construction of the proposed Tamu-Kalewa highway.

The Myanmar side are also studying the feasibility of constructing a railway from Kalewa towards Tamu to connect the Chindwin Valley with the existing system up the Irrawaddy Valley from Yangon. A line has already been laid from the Yunnan border to Mandalay and the highway upgraded with Chinese assistance. The Myanmar road network is also developing links with Thailand and Laos and missing bridges are coming into place or are planned.

In the circumstances it would be timely for India to develop the necessary infrastructure and transport linkages that will enable it to share in the opening up of commerce in a hitherto remote hinterland between the Mekong, the upper Yangtze and the Brahmaputra that is beginning to witness accelerated economic growth.

The Indian Institute of Foreign Trade (IIFT) did a Survey of Export Opportunities in Myanmar for the Ministry of Commerce (April 1995). It saw considerable potential for trade with Myanmar and estimated the value of informal trade with that country via Moreh at anything up

to Rs 2000 crores. Informal trade through Champhai in Mizoram and Lungwa in Nagaland was assessed at Rs 500 crores and Rs 100 crores respectively.

A wide range of goods is being informally exported through Moreh, including cycles and cycle parts, motor accessories, tyres, drugs and pharmaceuticals, cotton yarn, branded foods, edible oils, petroleum products, cement and other construction material. The items coming into the country are timber, fruit and vegetables and a host of third country manufactures including electronic and synthetic goods.

The IIFT Report contained a number of recommendations and action points which need to be urgently processed in view of the obvious trading opportunities which should not be lost by default. There is also a substantial community of Chettiars and other Indian traders in Moreh who left Myanmar at various times as refugees or when their trades were nationalised. They retain close contacts with that country and areas beyond in Southwest Asia and know the language well. This is a valuable asset and must be used to promote legitimate trade.

The list of goods being traded and the factor endowments of the Northeast suggest the possibility of setting up manufacturing or value-adding units in the Northeast to produce medicinal products, rubber goods, bicycles and so on which could be exported, rather than see the Northeast as no more than a transit route for Indian products manufactured in Calcutta, Madras, Bombay or Ludhiana. This would require the development of industrial areas. RITES was at one stage asked to prepare a feasibility study for an EPZ at Moreh by the Commerce Ministry but this was not carried forward.

We recommend :

- * An inter-ministerial task force be set up to review the entire Northeast border and inter-country trade issue, with particular reference to Bangladesh, Myanmar, Southeast Asia and Southwest China, and to report on trade opportunities, related manufacturing possibilities in the Northeast, required

infrastructure and communication links, banking and warehousing facilities, necessary customs and security arrangements and manpower needs.

- * A similar review should be made of Indo-Bangladesh trading possibilities and transit routes in relation to the Northeast and the neighbouring countries and of the re-connections or new facilities that might be useful and mutually advantageous to both sides.
- * The Ministry of External Affairs might examine what consular or other offices need to be established in the Northeast to facilitate trade and movement.
- * Serious consideration should be given to establishing one or more export processing/special economic zones to promote external trade from the Northeast.
- * Bangladesh and Myanmarese trade and industrial delegations may be invited to visit the region and vice versa.
- * The Commerce Ministry should consider opening an office and setting up one or more permanent exhibitions and showrooms in the region. Travelling railway and steamer exhibition might be exchanged between India and Bangladesh with strong Northeastern participation.
- * The Government should commission a study (or a joint study with Bangladesh) of the costs and benefits to both countries from trade and transit, including the use of Chittagong port as an entrepot for the Northeast. This should include the extent of upgradation of infrastructure, if any, required in Bangladesh in various sectors for handling Indian traffic. Indian assistance should be forthcoming for consequent investments.
- * The programmes and related infrastructural requirements under this heading will need to be separately funded. Likewise, it would be desirable to earmark a fund for trade promotion and some suppliers credit to support the Northeast's external trade.

TOURISM

The Northeast has a range of natural and cultural and ethnic wealth that could make it a major tourist destination. Travel restrictions and a lack of infrastructure has impeded this so far. But the prospects are brighter today.

Each State has prepared a tourist plan but these need to be integrated and backed with related travel and hotel facilities in variously budgeted packages. The Northeast also has immense possibilities for sports such as trekking, rock climbing, mountaineering, angling, white water rafting, river and jungle safaris, and tea garden tours. All these could generate employment.

We recommend :

- * It would be desirable to establish a Northeast Tourist Development Corporation with core funding to plan and spearhead domestic and international tourism in the region.
- * The new NTDC should sit with the NEC and respective state tourist departments to plan the development of tourist sites and related infrastructure as a basis for marketing integrated tour packages.
- * With Guwahati soon to become an international airport (but without necessarily waiting for that), steps should be taken to evolve special international packages in consultation with travel and tour operators in neighbouring countries like Bangladesh, Bhutan, Nepal, Myanmar and Thailand and further afield, especially Japan.
- * The Restricted Areas Permit (RAP) regime has been ended in Assam, Meghalaya and Tripura and should be simplified

and relaxed for specified areas elsewhere such as the Imphal Valley.

- * Inner Line Permits should be readily issued at all major tourist offices, railheads, airports and state entry “gates” along national highways.
- * Low budget tours should be organised for trekkers, campers and young people.
- * The Railways should offer special holiday tour/travel concessions during holiday seasons or festivals for all those visiting the Northeast from a distance of more than, maybe, 300 kms from Siliguri. The same facility may be extended to those travelling more than 300 kms from their nearest railhead in the Northeast to destinations beyond Siliguri.
- * Charter flights should be permitted for Northeast package tours.
- * Northeast tourism must be well advertised through tourist officers, travel agencies and airlines in all states and abroad.
- * Tourist training courses should be started in the region to turn out competent tour operators and guides, hotel staff and other personnel.

INDICATIVE REQUIREMENT FOR INFRASTRUCTURE

We give below a broad overview of the indicative requirement of funds for various infrastructural development programmes :

<u>Sector</u>	<u>Estimated Investment (Rs in Crores)</u>	<u>Ninth Plan Requirement (Rs.in Crores)</u>	<u>Remarks</u>
POWER	63528.00	3673.00	The estimates are tentative. These include the estimated cost of Dihang and Subansiri Cascades totalling Rs. 47,550 crores. These are updated equivalents of the estimates of the Working Group on a Perspective Plan for Roads (1994-95 to 2001-2001) in the NE Region, independently furnished by the State Governments. These proposals remain to be fully worked out. The Commission would go by the Working Group estimates which should from the basis of early action in the 9th plan.
ROADS	13637.01 (10829.00)	8553.42 (1724.00)	
RAILWAYS	6128.00	3000.00	The railways have indicated that their works capacity in the Northeast is of the order of Rs. 500-600 crores per annum.
IRRIGATION	9065.00	1875.00	We have recommended a number of policy initiatives requiring studies and some initial funding as well as certain other programmes in different sectors such as agricultural research, Commodity Boards, Broadcasting, Handloom and Handicraft, design and exhibition facilities, tourism, renovation of cultural sites, Higher Education, external trade, etc. A broad order of magnitude of funds required is indicated.
FLOOD CONTROL (Short-term measures only)	1251.00	545.00	
INLAND WATER TRANSPORT -		174.00	
MISCELLANEOUS -	-	175.00	
TOTAL :	<u>93619.01</u>	<u>17995.42</u>	

- Note :
1. For Flood Control and Irrigation, the Statewise break-up is available. For the rest, the sectoral requirements for the Region as a whole are more meaningful.
 2. For other infrastructure sectors such as Telecommunication, Broadcasting, Civil Aviation, the requirements are not significantly large and can be accommodated within the respective 9th Plan outlays. Details are to be found in the concerned chapters.
 3. ONGC, OIL and Coal India's investments will be coming out of their own resources.

MONITORING AND IMPLEMENTATION

The Prime Minister's Northeast initiative has been widely welcomed in the region and is seen as a turning point. It has raised high hopes which should not be allowed to be dissipated through routine approaches or delayed responses.

There must be a substantial additionality in funding and strengthening of coordination and implementing mechanisms at various levels. The bottom line is that results must match the promise and expectations. There must be no diversion or leakage of funds either.

We recommend :

- * Appropriate monitoring agencies be established or designated to ensure speedy and cost-effective implementation as well as the provision of all required linkages. This would vary as between the hundreds of small and scattered BMS programmes and larger and more lumpy infrastructural projects.
- * Transparency could be one important means of creating awareness and accountability, especially at the grassroots. All State Governments/departments and Central agencies must be required to inform the relevant public of the programmes initiated and funds provided with data; name of agency, details of contracts, target dates, etc., in the local language/media and/or through 'village and town meetings and simple publications.
- * Village and district planning boards where they exist, tribal councils, and other credible agencies should be mobilised and placed in programme/project monitoring committees.
- * Each state may be requested to set up a state-level implementation and monitoring committee that could also

oversee maintenance. It should preferably be under the chairmanship of the Chief Minister and the membership could include some non-officials. These bodies should make a quarterly or half yearly review of programmes/projects so that timely action can be taken to correct lags, tackle bottlenecks and ensure schedules and quality control.

- * The NEC may consider setting up an evaluation and monitoring cell to receive periodic reports from the states so as to enable it effectively to monitor overall progress in all sectors.
- * The Comptroller and Auditor-General may be requested to consider devising suitable means, whether through a newly-constituted Northeast audit wing or otherwise, to secure a special audit of programmes and projects under the PM's package and all other accelerated development programmes/projects that are being proposed.
- * The Prime Minister may consider ordering a periodic macro review of his Northeast Initiative in consultation with the Northeastern Chief Ministers. This will help track progress and assess performance and help chart the way forward.

BANKING AND FINANCE

Even with the best of intentions, governments alone cannot fund all developmental activities. This has to be supplemented by financial institutions and private capital. Bank credit for agriculture and allied sectors, for industry and infrastructure projects, has played an important role elsewhere in India. Unhappily, the record of the financial institutions has been poor in the Northeast.

To take one example, the financial institutions sanctioned around Rs. 58,000 crores during 1994-95, of which the share of the North Eastern region was a bare Rs. 150 crores. Mizoram received the least: just Rs. 10 lakhs. On the other hand, the credit-deposit ratio being low as compared to the all-India average, a substantial amount of savings from this region goes to finance economic activity elsewhere in the country. It was reported that in 1994-95 the banking system deployed outside the region over Rs. 2,000 crores from deposits made in Assam alone.

The Commission received several representations from governments and industry. Specific reference was made to the fact that the banking system is shy to lend in the Northeast; that it is difficult to obtain working capital loans; the time taken to sanction and disburse loans is long, and longer than elsewhere; there is a lack of term finance and working capital for greenfield projects like floriculture, orchids and non-traditional horticulture and herbal farming; and agricultural credit is in short supply.

Banking representatives pleaded low recovery rates in the region and difficulties in lending in the hills where land is community owned, as reasons for low credit deposit ratio.

We recommend :

- * The banking system in the Northeast must make enhanced efforts to improve the CD ratio;
- * Industrial finance should be considered part of priority sector lending;
- * All-India financial institutions should consider cross-subsidisation of interest-rates just as Indian Airlines subsidises its North Eastern fares.
- * Incentive packages for industry such as the five year tax holiday, transport subsidy and industrial growth centres have not worked as intended. A more effective package including reintroduction of a capital investment subsidy would be desirable.
- * The recently-established North Eastern Development Finance Corporation (NEDFi) should be adequately funded by the Government, RBI and all-India financial institutions so that it can perform its assigned role effectively. On its part, NEDFi should endeavour to become a catalyst for development in the region.
- * The expert group on Industrial Development of the North Eastern Region under Dr. (Mrs.) I.K. Barthakur, proposed a one-time grant of Rs 20 crores to NEDFi. This was to fund studies in the fields of technology, infrastructure, institutional finance, and marketing, in the region. We recommend early action on this recommendation.
- * An inter-disciplinary group should be set up under the Deputy Governor of the Reserve Bank now designated to look after

the Northeast to examine how banking and financial institutions norms and procedures may be suitably adapted to respond to the special land laws and other features obtaining in the region.

- * The State governments, on their behalf, should make a sincere effort to create an investor-friendly environment to attract private capital to their states.



ADDITIONAL RESOURCE MOBILISATION

All the projects and programmes presented here will require additional funding. The total cost of our recommendations for the 9th Plan period will be of the order of Rs. 27,391 crores comprising roughly Rs 9,396 crores for BMS and another Rs. 17,995 crores for infrastructural investments and miscellaneous items. The amount might appear very large at first sight. But spread over five years and seen against a proposed 9th Plan outlay of the order of Rs. 8,75,000 crores, this degree of additionality is essentially modest and we would in fact envisage a further increase as more ambitious programmes such as the Tipaimukh project and Dihang and Subansiri cascades start getting implemented.

The purpose, however, is to make a quantum leap in the economic condition of the Northeast and to enable this region to develop its own resource base. This requires additionality. Even so, what is proposed is 2.2 per cent of the country's GDP spread over a period of years. Further, the cost of not doing could in the long run be far more expensive.

The performance of the Northeast States in mobilising additional resources for development has been poor. A note placed at **Annexure 9** sums up the position. Clearly, for accelerated development of the region, it is imperative that the State Governments in the region rein in non-plan expenditure and substantially step up additional resource mobilisation. Nevertheless, in the present situation, virtually the entire financial burden of the proposed package will fall on the Centre. Anything that comes by way of private or multilateral investment is as yet indeterminate and may be assumed to be relatively modest. Accelerated development will, however, bring about a strengthening of the States' own financial sinews and this should at a future stage make possible a much greater degree of internal resource mobilisation.

As of now, the tribal population in the Northeast is exempt from income tax whatever the level of income. Some states have sought to

compensate by levying a general professional tax. The rates are, however, low. No hardship would be involved as those earning less than the taxable income will be exempt.

The proposed change in the oil/gas royalty formula (currently Rs 580 per tonne) from specific to ad valorem rates and its linkage to international prices in respect of new finds will strengthen the resource position of all oil/gas producing states.

We recommend :

- * The Northeastern States should make a concerted effort to rein in non-plan expenditure and to tap the potential of tax revenues in regard to professional tax, sales tax, motor vehicles tax and agricultural income tax. -
- * All Northeastern States or those segments of the tribal population hitherto exempt from income tax should voluntarily accept the principle of taxation in accordance with the ability to pay subject to the proviso that the net proceeds or additionality be credited to a special development fund for the concerned state/district council for a stipulated period of, say, 15 years. The rates of tax could be marginally lower than the all-India rates in all slabs for an initial period.
- * States should be required to set up upper catchment area authorities to be funded by a surcharge on all new hydro-electric generation. Apart from generating revenue, this could prove cost saving by ensuring widespread participation and cooperation in implementation.
- * Development Area Authorities should be set up around all new infrastructural and other growth centres and empowered to collect a betterment levy on the capital appreciation in

land values which constitute an unearned increment from development.

- * State acquisition and sale of land in urban development projects or grant of leaseholds subject to periodic revision should be mandated as a means of financing development and discouraging land speculation.



NORTH EASTERN COUNCIL: RESTRUCTURING

The NEC was established by statute in 1971 as an advisory body on matters of planning and development in which the Union and any one or more states in the region might have a common interest. It was in some ways to substitute for the zonal councils established in other regions but was uniquely vested with some security functions. Presumably, it was for these reasons that it came to be placed under the umbrella of the Union Home Ministry.

The NEC worked well in the early stages and as long as it enjoyed continuity and the close personal direction of the common Governor of Assam and Meghalaya. With the gradual formation of new Northeastern States, each with an independent Governor, its composition underwent drastic change with a membership of seven Governors and seven CMs, with the chairmanship rotating among the Governors who reside in their respective capitals while the NEC Secretariat is located in Shillong.

The Northeast has moved beyond the level of planning and development that characterised the initial period. The states now deal directly with the Planning Commission while the NEC continues its role of gap-filling and the funding of certain inter-state roads and regional institutions. This is useful but an element of dysfunctionality is apparent.

The NEC itself is aware of this. Its Memorandum to the Commission proposes that it be restructured as the Government's policy making body for the Northeast, including Sikkim as an eighth state. The new body would have an expanded development mandate, a stronger secretariat to service a new Northeast Department at the Centre, and assume a coordinating and monitoring role in the region. The Memorandum suggests that the Union Home Minister or Deputy Chairman of the Planning Commission be the Chairman of the NEC.

We recommend :

- * All security functions be formally delinked from the NEC which should be detached from MHA and placed under the Planning Commission.
- * The Council should be chaired by a public figure of high standing who should be located in Shillong. Further, he should be an ex-officio Member of the Planning Commission with ministerial rank.
- * The Secretary of the NEC should enjoy the rank of a Secretary to the Government of India.
- * The NEC should be re-designated the North East Development Council (NEDC), with all concerned Chief Ministers as Members.
- * There is good reason to include Sikkim in the NEDC as it shares similar problems and lies beyond the common Siliguri gateway.
- * It would be desirable to forge a close nexus between the NEDC and the Brahmaputra Board in view of the close planning and development linkages involved.
- * In the interest of better coordination among the various Central Ministries/Departments/Agencies/Public Undertakings concerned with the Northeast, the NEDC should have a central coordination committee in Delhi under the Chairman NEDC and serviced by the Adviser (Northeast) in the Planning Commission.
- * The NEDC should have an NGO Wing as a focal point for liaison and coordination with credible NGOs in the region

on development issues including those pertaining to the environment and gender concerns.

- * The example of Meghalaya's Economic Development Council, a strategic policy planning body of political and public figures, industrialists, district council representatives, academics and NGOs offers a useful model for emulation by other states. A Regional Economic Development Council should be set up under the aegis of the NEDC.



POLITICAL INFRASTRUCTURE

Great minds inspire people. The Northeast has its share of rich traditional wisdom which must, however, be matched with the best of modern knowledge. The region has a number of run-of-the-mill universities, Central and State, but no real centres of excellence nor even strong vocationally-oriented courses.

Mizoram has a fledgling state university which it is unable to sustain and has pleaded for its being taken over as a Central University which is what it claims was the intention underlying reference to the establishment of a university in the Mizoram Accord.

There does not appear to be any good, comprehensive integrated political or social history of the Northeast and its people. This lacuna should be made good as the Northeast must know itself and make itself better known to the rest of the country and the world.

Development has been affected by the disturbed security environment, some of this promoted by criminalised gangs out to make easy money. The States must provide adequate protection to surveyors, work crews and others engaged in developmental activity in remote locations so that investments and skills are forthcoming and the entire region is not held to ransom. Public opinion must be educated and mobilised in this regard. . The people of the Northeast cannot remain bystanders to their own detriment.

Likewise, loans and cooperative dues must be repaid if credit is not to dry up. A special drive needs to be initiated by the political leadership in all the States to ensure far better recoveries.

We recommend :

- * The Northeastern Vice-Chancellors and the UGC should together formulate a well-thought out and coordinated programme for

the development of higher education in the region. This should lead to the establishment in each university of certain centres of excellence with relevant area studies and language departments. Between them, these Centres should provide a spectrum of disciplines that attracts the best and brightest from the region and the rest of the country.

- * The ICSSR and ICHR should be supported to undertake, expedite or strengthen research into and the writing of Northeast history texts for different levels of learning and scholarship.
- * Though matters of security and law and order are beyond the competence of the Commission, it was repeatedly brought home to us that the pace and progress of development and investment is closely related to the security environment. We accordingly flag issues such as additional funding for police housing that were brought to our attention for separate consideration by the appropriate authorities.
- * It is incumbent on all political parties to make everybody aware that peace, development and employment go hand in hand and that whatever be the assistance and support from the rest of the country, the salvation of the Northeast is in hands of its own people.

FINALE

The Commission had very limited time at its disposal but would like to acknowledge the cooperation and assistance it received from the State Governments, NEC, Central Ministries, public undertakings, NGOs and others. Their experience and insights illuminated the way and rendered our task that much easier. Extensive documentation was provided. Tribal leaders, political representatives, academics and the media gave us leads to popular opinion and public concerns.

Field visits were organised by the various administrations and these gave us a glimpse of ground realities and brought home to us the rigours of the terrain, the enormous diversity of the region, and the innate quality and artistry of the people.

We are grateful to one and all for providing us with such a wealth of material and helping us to understand the problems and aspirations of the region. Some of the matters brought to our attention are clearly beyond our competence. We have nevertheless brought some of the more salient issues to the notice of those more directly concerned.

Not all the many proposals placed before the Commission could be accepted or included in our recommendations. This is because some of them were outside our terms of reference or were no more than ideas or generalised propositions that need greater investigation and examination. Others will be included in the 9th Plan in the normal course as extensions of on-going schemes. Still others have had to be left out as the Commission cannot obviously present a long wish list. We have sought to be selective so as to ensure focus and coherence and have detailed the background to major sectoral themes because of the need to provide context and perspective.

We have avoided pronouncing on a number of complex political, social and technical issues as we lack the necessary mandate and expertise.

We have even so thought fit to flag some of these for further study by appropriate agencies. We hope that the Government will take necessary follow-up action, as continuing innovation and creative thinking is required to progress the future of the Northeast.

The Northeast requires a massive development thrust to make up for lost time and put it on a fast track. It has vast natural resources in its bio-diversity and water wealth. These should be suitably exploited to raise living standards and the quality of life of all the people, with equity and safeguards to prevent degradation of the natural and socio-cultural environment. It is for this reason that the Commission has made certain recommendations that will hopefully contribute to enhancing the rich cultures and essential cultural values that are such a distinctive feature of the Northeast.

True growth must mean human as much as material development. The Northeast has a special aptitude for sport and cultural expression as manifest in its rich tradition of music, dance and crafts. We place emphasis on development of these talents which will foster regional and local pride and confidence through the acclaim that goes with excellence.

India is in the midst of a revolutionary transition. Within that, the Northeast is itself in process of radical change. This “revolution within the revolution” has to be managed with great sensitivity and care.

The people of the Northeast cannot remain cocooned and wish to take their places as full and equal partners, contributing to that great enterprise that is Project India. It is right not to want to be swamped by Indians from outside the region, even less by an influx of foreigners. But the region does not need to fear “outsiders” and lapse into “localism”. Violence, insurgency and easy money are no solution to any problem, real or imagined. These eruptions, and the bandhs, extortion, kidnappings, leakages, and the sulking and cynical indifference they have engendered in sections of the populace, can only delay and could even deny the

pace, progress and prosperity that everybody seeks.

The country must assist the Northeast to realise its full potential and avail of the emerging opportunities within and around it. Its external boundaries are no more tightly sealed and invite trade and cooperation in forging dynamic new growth triangles. This is no favour, but a recompense for past neglect and the unrequited price the region involuntarily paid for the partition of the country. The development of and tranquility in the Northeast is also a national security interest and can offer regional solutions to national problems.

Ultimately, whatever the Centre does, the Northeast must essentially help itself. The BMS and infrastructural investments proposed may spread over a decade and take time to show results. Certain benefits will of course start flowing sooner. This programme, taken with the Prime Minister's package and the proposals being made separately by the Committee on Educated Unemployment, will render the Northeast economy more productive and buoyant, more self-reliant and less dependent than it is today. Administrative and political capacity-building will be necessary to manage the accelerated development proposed. Close monitoring, transparency and wide public participation are recommended.

The Commission sees the constituent units of the Northeast both as one and several. The region is a complex mosaic of variegated political, cultural and ethnic elements held together by many common strands and, not least, its geo-political location. It is poised to assume once more its earlier interrupted role as a bridge to lands beyond, to Southeast Asia. It will no longer remain just a remote destination on the Indian periphery.

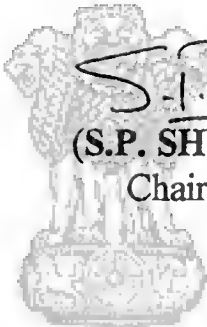
We have suggested restructuring the NEC to make it a more purposeful body and strengthen the organic developmental link between the Northeast and the rest of the country. Resource mobilisation for implementation of the tasks outlined and investments proposed will place an onerous burden on the Centre. The States too must play their part and ensure a


more productive work culture and encourage local accountability in accomplishing what must be done.

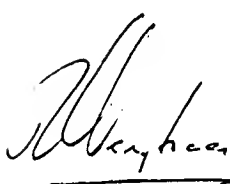
The youth of the Northeast need an alternative to the gun. We recommend that all sections of the 9th Plan bearing on the Northeast be collated and separately published as a “Northeast Plan” for wide dissemination within the region and outside.


Further, a special effort might be made by the Planning Commission to prepare and project a perspective plan, “Northeast 2015”, that offers a vision of the future.


The Commission’s Report is but a first step along that road.




(S.P. SHUKLA)
Chairman


(B.G. VERGHESE)
Member


(SAINGHAKA)
Member


(JAYANTA MADHAB)
Member

New Delhi,
March 7, 1997.

SUMMARY OF RECOMMENDATIONS

Basic Minimum Services

1. The creation of infrastructure in the elementary education and primary health sectors will be of little use unless an adequate complement of personnel is made available as soon as the structures are complete. This will require advance action, particularly in regard to the recruitment of trained and qualified personnel so that the facilities created are put to use without delay and the stipulated targets are achieved.
2. The State Government should raise resources to the extent of 15 per cent of the allocations made by the Planning Commission for Basic Minimum Services, thereby augmenting total availability. This recommendation was followed while formulating the State Plans for 1996-97.
3. Full details about the schemes to be taken up, their location, estimated expenditure, and those responsible for the works should be suitably published so that local communities and beneficiaries become fully aware of the flow of funds as well as the schedule of implementation. Transparency will ensure greater accountability and prevent leakage.
4. An effective monitoring system will have to be worked out from the block up to State administration with systematic and periodic reviews. The State Plans Division of the Planning Commission should also help the States to set up or strengthen similar units.
5. A mechanism will have to be found to relate credible assurances of maintenance of assets to the release of funds for new schemes. One way could be to stipulate that absence of proof of maintenance of assets already created will result in a proportionate reduction in the funds to be released for new schemes in the following year.

Farm Sector

6. The Assam Government in collaboration with the Centre should prepare a package that gives a new thrust to agriculture in the State. The elements are known. They have to be put together with appropriate research, extension and other linkages.
7. Cleansing of cooperative overdues to restore credit flows.

8. Rapid development in particular of the considerable groundwater resources available alongside other minor and medium schemes in Assam, the Imphal Valley and the Tripura plains.
9. Rejuvenation and strengthening of the Assam Agricultural University, Jorhat, which is in financial distress, through one-time Central assistance as may be assessed by the ICAR.
10. Providing more seats for NE students in post-graduate agricultural institutions elsewhere in the country to ensure an adequate supply of local talent to meet the urgent and expanding scientific needs of the region.
11. A review of agrarian relations in Assam which should include updating land records while ensuring fixity of tenure and fair rents to actual cultivators. An appropriate committee should be appointed to undertake this task within a time bound period.
12. Expeditionary action to establish the proposed ICAR Rice Research Institute at Barpeta in Assam.
13. The Nagaland Environment Protection and Economic Development Programme or NEPED's potential for mapping, conserving, developing and exploiting the enormous bio-diversity of the Northeast marks it out as a critical lead programme. The necessary funding, manpower development and other support required for its careful evaluation and refinement for replication or adaption elsewhere in the Region must be made available in full measure.
14. Other models of bio-diversity conservation and development that have been suggested or are under trial in other parts of the Northeast also merit support.

Horticulture and Plantations

15. As in the case of plains agriculture, the Centre must get together with the states to give a new thrust to horticulture and vegetable gardening. The Himachal model may offer some relevant leads. This will include everything from plant breeding and tissue culture propagation, demonstration, training of manpower, including barefoot extension agents, post-harvest technology, marketing, cold storage, processing and pricing. It should be possible to undertake a status review and evolve a package within six months.

16. The various commodity boards must have a credible presence in the Northeast. Some do have an office in Guwahati and some small representation elsewhere. But this is wholly inadequate. Each of these Boards must set up a full-fledged regional office in the Northeast and well-manned field offices spread over the region. The Silk Board should pay attention to the Northeastern sericultural varieties and also open centres in this region.
17. A suitable framework should be developed for agro-processing through cooperativisation with corporate links where appropriate. Land use policies and voluntary “acquisition” modalities should be evolved consistent with the customary tribal pattern of land ownership and use.
18. It should be ensured that the process of modernisation and development does not subvert the salutary features of the social collectives operating at the grassroots in tribal areas, nor destroy bio-diversity through indiscriminate propagation of uniform varieties for the short-term profit of the corporate sector.
19. Rubber and tea, both indigenous to the Northeast, must be defined as “forest species” and permitted to be cultivated on (degraded) forest lands without the compulsion of undertaking compensatory afforestation in double the area, in non-forest lands as required under the Forest Conservation Act. Such blanket restraints are inappropriate in a state like Tripura.
20. MOEF should reconsider the present policy and allow Tripura to use degraded, unclassed, open, government forest land for rehabilitation of tribal families through rubber plantations. Immediately, 5000 ha of such land should be released during the 9th Plan enabling the State to enlarge the rehabilitation project without insisting on alternative land being brought under compensatory afforestation.
21. The structure, staffing, role and culture of the Northeast Regional Marketing Corporation (NEREMAC) should be critically reviewed so that this and similar regional institutions are better able to fulfil their intended role. Such a study could be undertaken by one of the IIMs.
22. Mizoram and other states have proposed ambitious schemes for horticultural development. If these are fleshed out and prioritised, they

should receive favourable consideration by the Planning Commission for inclusion in the Ninth Plan.

Fisheries and Animal Husbandry

23. The same approach of cooperativisation with corporate links as appropriate could be developed for the fishery and animal husbandry sector. Credit must be provided.
24. Two expert teams should immediately be set up in each of these sectors to recommend strategies for development including facilities for introducing and adapting known technologies in the region.
25. The NDDDB may be asked to suggest how dairying in the region might be promoted.

Irrigation

26. A special drive should be undertaken to un-block credit and revive the cooperative structure in Assam. NABARD, the lead bank and the Northeast Development Finance Corporation (NEDFi) could be requested to concert action in this regard and work out a specific package.
27. The ongoing schemes in Assam, Manipur and Tripura must be fully funded and expedited.
28. While Assam certainly requires further to augment irrigation, any additional investment must go hand in hand with plans to ensure full utilisation of the potential already created, effective maintenance and suitable revision of water rates so that maintenance costs are at least covered. The same applies to Manipur, Tripura and Nagaland.
29. The Tripura projects must be matched with adequate power supply. While we are recommending this, a close watch must be kept to ensure that the energy is actually available when required.
30. The Fultertal barrage and irrigation component of the Tipaimukh project should be taken up pari passu with completion of the dam.
31. Investigation of the Bairabi project in Mizoram should be completed expeditiously.
32. The possible adverse impact of the existing agrarian structure in Assam on land and water management, including consolidation, should be examined.

Floods

33. The Assam Government, Brahmaputra Board and CWC should consult on inter se priorities as between Assam's short term flood proposals for the 9th Plan and the Pagladiya project for first claim on the PM's flood package. The Commission's own inclination is to support Assam's short term priority plan of around Rs. 500 crores for the period 1997-2002 for new embankments, anti-erosion works, drainage channels and construction of sluices and raised platforms.
34. Manipur's nine flood control schemes proposed to be completed during the 9th Plan at a cost of Rs. 45 crores should be funded.
35. Early action should be taken on the Northeast flood task force report which, apart from the Pagladiya project, should determine priorities for other flood management and drainage works.
36. Priority funding must go to the maintenance and strengthening of existing flood management works.

Forests

37. The Centre should provide authoritative clarification on the legal issue as to who has final authority to permit bona fide diversion of forest land in the Northeast.
38. The terms of reference of the MOEF's high level Committee being limited to routine forest conservation strategies, it would be desirable for the Ministry to initiate a larger exercise aimed at producing a suitable Northeastern forest policy within the framework of the National Forest Policy that takes account of the specific ethos, needs and socio-political context of this region. The Government should constitute a body with strong Northeastern and other expert representation to undertake this task within a specific time frame.

Environment

39. The Brahmaputra Board in conjunction with the Assam Government must be charged with preparing short-term plans for protecting Majuli island as best can be. There may be no complete solution, especially in the short or intermediate run, and interim answers could entail infructuous expenditure. As against this must be balanced the fortunes of the island's population and the cost of rehabilitating even part of it should there be galloping erosion. Whatever remedies are devised must be implemented by a designated agency.

40. The Loktak Development Authority (LDA) should be strengthened and the National Hydro-electric Power Corporation (which manages the Loktak power project), the LDA and MOEF should concert action to study the impact of the Ithai Barrage and related factors on the phungdi, fisheries, and habitat of the brown-antlered deer and implement ameliorative measures.
41. The Centre and the Meghalaya Government should jointly survey the nature, extent and consequences of rat-hole mining in the State and prepare a suitable conservation and restoration scheme. Coal India might be asked to plan, supervise and assist in the implementation of a programme of scientific mining.

Railways

42. Full funding for expeditious completion of the present clutch of sanctioned projects already under way, including the Bogibeel bridge.
43. The Diphu-Karong and Bairabi-Saireng lines should be taken up in the interests of national integration. The Commission accordingly suggests a suitable provision that will enable work to commence during the 9th Plan on these two lines and the Siliguri-New Bongaigaon conversion. The construction capability of the Railways may be augmented commensurately.
44. The operating losses on the new lines proposed should be a charge on the general budget.
45. There should be a fast and conveniently timed overnight train between Dimapur and Guwahati to enable passengers to connect with air services to and from Delhi and Calcutta.
46. Early discussions should be initiated with Bangladesh for linking up the IR and BDR railway systems, particularly in the Karimganj and Agartala sectors. India should be prepared to invest on such upgradation as the BDR system might require in order to carry the additional Indian traffic up to Chittagong. This also should include augmentation of related port capacity. These options could offer quicker and more cost-effective solutions to some of the problems of the Northeast.
47. India should offer to assist Myanmar which would like to extend its railway along the Chindwin Valley, parallel to the Mizoram-Manipur border. This would link with the main Yangon-Mandalay rail system

and could form part of the Trans-Asian Railway in which international interest has revived. The Government of India was in fact earlier indirectly approached to provide coaching stock up to a value of 8-9 million dollars.

Highways

48. In the interest of improved trunk connectivity, the four priority roads recommended by the 1994 Working Group should be developed as national highways. These are (i) the 290 km Daboka-Lanka-Lumding-Haflong- Udarband-Silchar highway in Assam; (ii) the 241 km Kohima-Mokokchung- Amguri road providing an alternative connection between Assam and Nagaland; (iii) the 210 km Sairang-Manu highway linking Aizawl to Agartala; and, (iv) the 135 km Agartala-Udaipur-Sabroom highway in Tripura which is already included for upgradation in the PM's package. These four new national highways were estimated to cost Rs 600 crores at 1993-94 prices. This will have to be reworked. Construction should be given over to the DGBR which may be enabled to raise additional task forces.
49. Maintenance of the NH 52 section between Balipara to Jonai should be entrusted to DGBR.
50. The following roads should also be given high priority in the 9th Plan proposals for upgradation of roads in the state sector:
 - (i) North Guwahati Hajo-Barpeta North Salmara, Assam (120 km). This will provide an alternative link to North Salmara where it will join NH-31, The existing section of NH-31 between these two points is highly vulnerable to floods and is also affected by militant activities.
 - (ii) Dudhnoi-Damra-Nangalbibra-Bagmara-Gasuapara-Dalu, Meghalaya (196 km). This road will connect NH-37 and NH-51. It passes through limestone and coal deposits and is the route for exports of coal to Bangladesh.
 - (iii) Aizawl-Thenzawl-Lunglei-Tlabung (Demagiri), Mizoram (263 km). Shell limestone deposits in the area between Tuirial airfield and Sailungvar Tlang will be accessed with the construction of this road. It will also provide a connection to the Karuphuli waterway through Bangladesh to Chittagong in due course.

51. The other state highways, major district roads and other district roads proposed, including the Arunachal East-West Highway, should be integrated into a regional master plan for roads. The States should be given financial and technical support to undertake the preparation of master plans. These proposals should thereafter be placed before the Planning Commission for consideration and initiation of approved schemes for the 9th Plan. Meanwhile, early action should be initiated on the basis of the recommendations contained in the Report of the Working Group, June 1994.
52. Over and beyond this, there is need for a revised regional perspective plan for road development in the Northeast with international linkages. This should be related to and prioritised according to emerging opportunities and strategic requirements and could incorporate the NEC's proposal for a road all along the Indo- Myanmar border from Champhai in Mizoram to Vijoynagar in Tirap, Arunachal Pradesh.
53. As in the case of the Railways, Bangladesh might be approached with proposals for a road connection from Agartala to Akhaura and for the construction of a major new highway from Lunglei-Tlabung (Demagiri) in Mizoram to Chittagong. This would open up both central and western Mizoram and the Chittagong Hill Tracts for development and tourism. The Tlabung (Demagiri) connection will also provide access to the Karnaphuli waterway.
54. The DGBR could be asked to take on a larger role in road development and maintenance and other construction works in the Northeast as it is already engaged in building airfields, hospitals, schools and housing and has established its capability.
55. The Rubber Board has constructed a short stretch of rubberised road in Tripura as this surfacing is better able to withstand wear and tear and heavy rain. This pilot project should be critically evaluated under varied conditions as the technology could have a bearing on maintenance costs which are very high in the Northeast.

Civil Aviation

56. Guwahati should be made a regional hub for Indian Airlines so that aircraft stationed there can operate services without delays on account of late arrival of aircraft from Calcutta or Delhi because of fog or other

weather or technical problems.

57. With the gradual lifting of the restricted area permit regime in the Northeast, and the opening of new trade and tourist opportunities, international flights should operate out of the region to destinations like Dhaka, Chittagong, Mandalay and Yangon in the first instance. Tourist packages could be developed around these services.
58. An integrated plan for the utilisation of the Guwahati international air cargo facility should be prepared by the Ministry of Commerce in consultation with the Northeastern states. Forward planning is essential and responsibility assigned for putting together all the linkages.
59. A study should be initiated for inducting short take-off and-landing (STOL) aircraft into the Northeast circuit in view of the need to connect remote hill areas and provide feeder tourist services. Hotel operators using these STOL services or charters might work out combined holiday package rates.
60. The IAF flies air supply and passenger sorties for the civil sector, mostly in Arunachal, apart from servicing defence requirements. This task was in the early years done by civil non-scheduled operators. The Government should examine whether some or all these services could be returned to the civil sector and if it would provide a base load for expanding air taxi services to remote areas, keeping in mind the fact that air supply operations may well decline with the extension of the border road network.

Inland Water Transport

61. High priority should be accorded to IWT in the Northeast and enhanced transit and transshipment arrangements negotiated with Bangladesh along the lines indicated.
62. The charter and competence of IWAI be enlarged with adequate financial support and a meaningful presence in Guwahati and Silchar. IWAI's 9th Plan outlay of Rs. 134 crores in addition to the spillover requirement amounting to Rs. 40 crore should be met.
63. Close liaison is necessary between the Central Water Commission and Brahmaputra Board on the one hand and the IWAI on the other so that water resource development meshes with the development of waterways.

64. The Central Inland Water Corporation (CIWTC) must be strengthened with a strong regional presence. At the same time, private operators should be encouraged to take up component segments of IWT development and operation. Funding should be provided.
65. Modernised country craft development should be taken in hand to extend services to feeder routes. There should be some agency to study this matter and play a promotional role.
66. There has to be a policy for waterfront development and location of industries to generate traffic. Short navigation canals from such waterfronts or waterways to deepened beels with jetties and production/warehousing facilities around them might be envisaged. Ring embankments could offer flood protection.
67. An R&D facility needs to be developed to undertake studies with regard to types of river craft for different categories of waterways and cargo in the Northeast sector. Safety should be an important factor.

Transport Policy :

68. The Planning Commission may immediately commission a transport optimisation study for the Northeast both in terms of capital and operational costs and work out appropriate inter-modal perspectives.
69. A similar study is indicated for international linkages and transit/transshipment arrangements with Bangladesh, Myanmar and Bhutan.
70. There is need to develop a legal frame for these purposes and a standard combined transport document for inter-modal traffic within the country and across international boundaries.

Telecommunications

71. All administrative officers up to the taluka/block level should be provided with a fax connection in view of the difficult terrain and long delays involved in mail communication, especially in Arunachal Pradesh. DOT should do so by extending facsimile transmission facilities through the multiple-access radio relay system (MARR) which currently only provides for audio-quality pay-phone operations. This must be given top priority.
72. The concerned departments should review the possibility of overall cost savings if the requirements of DOT, the Defence and paramilitary forces,

police, AIR, DD and others can be served through common transmission masts, earth stations and other facilities, including shared sites and buildings.

73. Moreh (Manipur) has a separate exchange. This should be provided ISD facilities through VSNL in view of the new cross-border trade opportunities opening up. The same applies to Champhai (Mizoram) and other potential international trade centres. The Northeast's telecommunication links with Dhaka, Chittagong, Yangon, Mandalay and Thimphu should be suitably strengthened.
74. Special connections and links should be provided to designated points within the region as well as to Bhutan and Bangladesh for transmission of rainfall, water discharge and flood data in real time. DOT/VSNL should plan this in consultation with the Ministry of Water Resources in the interests of regional cooperation.

Broadcasting

75. Steps must be taken to ensure that competent staff in requisite strength is posted to the Northeast.
76. A broadcast training facility should be established in the region and could be developed as a department in any of the Central Universities if necessary. This would help bring into being a corps of regional broadcast personnel, both technical and programme/production.
77. Village Low Power Transmitters (VLPTs) should be selectively sanctioned in the other Hill States/regions which are in shadow areas and outside the signal reach of Doordarshan. The I&B Ministry should map such areas in consultation with the concerned States.
78. Separately, Doordarshan should organise a crash training course for local youths who could at the throw of a switch enable Arunachal VLPTs even now to carry Doordarshan's Itanagar transmission and access the local news bulletin.
79. Banks should be encouraged to finance local entrepreneurs to extend cable coverage and generate employment.
80. Immediate steps must be taken properly to staff and equip Doordarshan's DDG(NE) in Guwahati so that regional coverage is better planned and serviced.

81. AIR's community radio network should be expanded in order to cater to the developmental and cultural needs of diverse tribal communities. Appropriate funding and training arrangements should be sanctioned.
82. The four new radio uplinking stations planned to be established in the Northeast, in addition to the three currently in operation, should be brought on stream at an early date.
83. AIR Kohima must be allocated a second frequency as it is presently broadcasting in as many as 14 languages/dialects.
84. AIR should be encouraged to draw on its several tribal music units in the Northeast to establish a few outstanding regional choirs. Doordarshan could likewise support some regional ballet groups including Manipuri and Bihu troupes. The aim should be to create ensembles of international standards as the Northeast has something special to offer and must be institutionally supported to develop its creative talent.
85. AIR's Northeastern music archives are being preserved on hard disc. The collection must be properly catalogued and stored. This project should be separately funded.
86. Close liaison should be established between the regional units of AIR and Doordarshan and the Northeastern Regional Cultural Centre at Dimapur.

Hydrocarbon Sector

87. Every effort must be made to discover and produce more gas in the Northeast to fulfil the commitments already made and maximise the return on existing investments as in the power sector. Adequate priority must be given to sites and structures that hold out promise of gas.
88. ONGC and OIL should significantly step up their investments in oil and gas exploration in the region.
89. We commend the Petroleum Ministry's partnership-in-development proposal to transfer a small part of ONGC and OIL's equity to a Social Development Foundation that would entitle those losing land for oil/gas exploration and production to participate in profit sharing. This could serve as a model for other development sectors in the Northeast where there are special sensitivities about tribal land ownership.

90. The possibilities of a gas/oil exchange and gas grid linkages with Bangladesh may be explored as part of a wider energy exchange regime in South Asia.
91. In order to expedite the creation of roads and other necessary infrastructure for exploration in remote areas, oil companies should be permitted to undertake these works entirely at their own cost instead of the current practice of their depositing 60 per cent of the cost with the concerned state government and then finding the work delayed or not done as the money goes into the consolidated fund and is not reallocated to the PWD which must execute the job. The matter may be pursued with the States concerned.
92. The lingering controversies over certain aspects of the gas required for the Assam Gas Cracker Project must be expeditiously resolved at the highest level. This major project should not be allowed to stall any further as Assam will otherwise be required to bear the high opportunity cost of delay.

Coal

93. Steps should be taken to explore external market opportunities for Northeast coal and an infrastructure plan, including roads and ropeways, developed to exploit emerging opportunities.
94. Coal India should be charged with rehabilitating the private mining industry in Meghalaya in consultation with the State Government and private landowners.

Power

95. Full funding must be provided to on-going power projects to ensure that further cost and time overruns are avoided in this critical sector.
96. The Department of Power should concert action to refine its perspective power development programme for the Northeast, currently under preparation, in consultation with the Brahmaputra Board, NEEPCO, Power Grid Corporation and the concerned States, taking account of all pending and proposed hydel, thermal and gas- based stations on the anvil. These projects should be ranked and efforts made to secure funding.
97. System efficiency must be improved by urgent steps to reduce T&D losses and improve PLF. The CEA or Power Grid Corporation should

undertake a quick study of critical gaps and linkages within three months with priority funding.

98. A similar expert assessment should be made of the additional generation that can be brought on stream by meeting fuel deficits, whether of gas or coal. Every effort should be made to meet these deficits which will also improve the financial health of the units/agencies concerned. Any modest bridging finance required for this purpose should be provided.
99. Determination of who should execute the Karbi Langpi, Kameng and Loktak Downstream projects should be speedily resolved to avoid delay and further cost escalation.
100. The proposed power tariff regulatory authority should be brought into being as early as possible, or this might even be done separately for the Northeast as an interim arrangement, as a prelude to reorganisation of the Assam and Meghalaya electricity boards. Consumers would prefer reliable supplies and service to notional subsidies that do not really benefit them.
101. Consideration should be given to corporatising the remaining five electricity departments in the Northeast so that they are insulated from political pressure and patronage in pricing, staffing and forward planning. There has to be a new culture if the huge power potential of the region is to be realised.
102. External funding for power development in the Northeast has dried up, barring OECF and private investors, though interested, are shy because they are unsure about the returns. Efficient SEBs/power corporations can attract commercial borrowings, institutional lending and private investment, Indian and foreign, provided the Government is willing to underwrite these transactions particularly in regard to mega projects. We accordingly recommend that the Centre guarantee these borrowings on suitable terms and conditions related to Northeast realities and opportunities.
103. The Brahmaputra Board should be greatly strengthened commensurate with its transcending role and responsibility in the Northeast. It must have a meaningful presence in all the States, especially Arunachal where it has a major task ahead of it. The necessary funding and personnel should be made available for this purpose.

104. The Brahmaputra Board has sought Rs 50 crores to undertake the Dihang and Subansiri cascade studies. This should be sanctioned so that DPRs are available and prioritisation per se and investment decisions can be taken well within the 9th Plan period. Some modest additional funding should be earmarked for initiating any necessary pre-investment infrastructure pertaining to these projects.
105. The Brahmaputra Board, and all other water resource and development agencies in the Northeast, must be mandated to the fullest transparency so that public confidence and accountability are both enhanced. Early public hearings and consultation with NGO groups could prove rewarding. Delays in implementing mega projects would be disastrous and it is imperative that compensatory action to mitigate all environmental impacts and ensure protection of bio-diversity is assured.
106. A Barak Valley-Barail Upper Catchment Authority should be legislated and funded through a surcharge on energy generated by the Tipaimukh Project. Similar catchment area authorities should be routinely established as part of all major and medium projects in the Northeast as a means of avoiding traditional catchment-command area tensions and using large dam construction as spearheads for major area development in otherwise sequestered and neglected regions. Tuirial, Tuivai, Ranganadi, Doyang, Kameng and other projects would be immediate candidates.
107. An early inter-state meeting should be convened by the Centre at the highest level to secure full agreement on and approvals for the Tipaimukh project which could have a transforming effect on the southern tier of the Northeast. The sum of Rs 50 crores sought by the Brahmaputra Board for initiating work on the project during the 9th Plan should be made available with the assurance that further funding will be forthcoming to accelerate construction.
108. Since the Tipaimukh Project could also benefit Bangladesh, further design optimisation and cost-benefit sharing to mutual advantage should be explored.
109. Investigations of the twin Chhimtuipui (Kaladan) hydro projects in southern Mizoram should be conducted with an eye to investigating the possibility of navigation down the river to Sittwe (Akyab) and the sea. The cooperation of the Myanmar authorities should be sought. The

Kaladan is reportedly already navigable for a considerable stretch in Myanmar up to Paletwa.

110. Initial planning should be taken in hand to tie the Northeastern and Eastern electricity grids in view of the expected growth of generation in the Northeast and Bhutan. A situation must be avoided such as currently prevails when surpluses in the eastern grid cannot be transferred to the adjacent power-short northern and southern grids. In fact, the Northeastern grid is poised to be and must become the lynchpin in improving the national and regional hydro-thermal mix in the interests of system stability, peaking efficiency, flexibility and improved maintenance.
111. Even in the intermediate period, power generation could become the cash-strapped Northeast's largest source of resource mobilisation. Power planning and implementation of projects to tap the region's hydro/energy potential must, therefore, be seen as an essential element of national power strategy linked to plans for establishing a sub-regional or South Asian energy exchange grid.

Industry, Handloom and Handicrafts

112. The National Institute for Design, Ahmedabad, should be invited to play a lead role in establishing design bureaux for a variety of textiles and crafts in the Northeast with special funding. The Handloom and Handicrafts Boards and the HHEC should also be geared to the task.
113. Special emporia and exhibition centres should be established within the region, in the rest of the country and at suitable locations abroad in order to promote the marketing of these wares.
114. Disputed areas along inter-state boundaries in the Northeast should, if possible, be declared or treated as development zones with the mutual consent of the parties concerned. They could be used for the development of infrastructure and industrial areas that could attract investment for the production of manufactures for export or for meeting some of the region's consumer requirements.
115. Export processing or special economic zones should be established with all necessary infrastructure at suitable locations in the Northeast to attract export industries. Joint ventures could be floated with Bangladeshi and other entrepreneurs to exploit the Northeast and export markets.

Urbanisation and Spatial Planning

116. Master plans be prepared/reviewed for all State capitals, larger towns and potential growth centres with expert assistance. This is all the more necessary in the fragile hills where unregulated construction, high-rises and lack of infrastructure have degraded the urban environment and caused serious traffic and sanitation problems.
117. In cases of urban expansion or potential township development around new airports, railheads, industrial centres and other growth poles such as the Shillong satellite town, Legpui airport (Mizoram), and Nangalbibra (East Garo Hills), the Government should freeze land prices and any new construction within a given radius. This will ensure urban standards and enable the state to retain the capital appreciation of land through betterment. This will provide a source of funding through regulated sales for approved purposes and preclude land speculation designed to fill private coffers.
118. The Imphal Capital plan that has been prepared should be carefully evaluated and funded in phases.
119. The Assam Rifles are reportedly to evacuate the remaining portion of the Kangla Fort premises in the heart of Imphal. The Fort is a hallowed Meitei heritage site which should be restored as a centre of Meitei culture and history as may be determined by a special committee. This project should be assisted through a core grant from the Centre.
120. The same should be done for Gargaon, the ancient Ahom capital near Nazira, and Sibsagar in Assam and other heritage/historic sites. These places recall the pride and glory of the Northeast.

Trade and Transit

121. An inter-ministerial task force be set up to review the entire Northeast border and inter-country trade issue, with particular reference to Bangladesh, Myanmar, Southeast Asia and Southwest China, and to report on trade opportunities, related manufacturing possibilities in the Northeast, required infrastructure and communication links, banking and warehousing facilities, necessary customs and security arrangements and manpower needs.

122. A similar review should be made of Indo-Bangladesh trading possibilities and transit routes in relation to the Northeast and the neighbouring countries and of the transport re-connections or new facilities that might be useful and mutually advantageous to both sides.
123. The Ministry of External Affairs might examine what consular or other offices need to be established in the Northeast to facilitate trade and movement.
124. Serious consideration should be given to establishing one or more export processing/special economic zones to promote external trade from the Northeast.
125. Bangladesh and Myanmarese trade and industrial delegations may be invited to visit the region and vice versa.
126. The Commerce Ministry should consider opening an office and setting up one or more permanent exhibitions and showrooms in the region. Travelling railway and steamer exhibitions might be exchanged between India and Bangladesh with strong Northeastern participation.
127. The Government should commission a study (or a joint study with Bangladesh) of the costs and benefits to both countries from trade and transit, including the use of Chittagong port as an entrepot for the Northeast. This should include the extent of upgradation of infrastructure, if any, required in Bangladesh in various sectors for handling Indian traffic. Indian assistance should be forthcoming for consequent investments.
128. The programmes and related infrastructural requirements under this heading will need to be separately funded. Likewise, it would be desirable to earmark a fund for trade promotion and some suppliers credit to support the Northeast's external trade.

Tourism

129. It would be desirable to establish a Northeast Tourist Development Corporation with core funding to plan and spearhead domestic and international tourism in the region.
130. The new NTDC should sit with the NEC and respective state tourist departments to plan the development of tourist sites and related infrastructure as a basis for marketing integrated tour packages.

131. With Guwahati soon to become an international airport (but without necessarily waiting for that), steps should be taken to evolve special international packages in consultation with travel and tour operators in neighbouring countries like Bangladesh, Bhutan, Nepal, Myanmar and Thailand and further afield, especially Japan.
132. The Restricted Areas Permit (RAP) regime has been ended in Assam, Meghalaya and Tripura and should be simplified and relaxed for specified areas elsewhere such as the Imphal Valley.
133. Inner Line Permits should be readily issued at all major tourist offices, railheads, airports and state entry “gates” along national highways.
134. Low budget tours should be organised for trekkers, campers and young people.
135. The Railways should offer special holiday tour/travel concessions during holiday seasons or festivals for all those visiting the Northeast from a distance of more than, maybe, 300 kms from Siliguri. The same facility may be extended to those travelling more than 300 kms from their nearest railhead in the Northeast to destinations beyond Siliguri.
136. Charter flights should be permitted for Northeast package tours.
137. Northeast tourism must be well advertised through tourist offices, travel agencies and airlines in all states and abroad.
138. Tourist training courses should be started in the region to turn out competent tour operators and guides, hotel staff and other personnel.

Monitoring and Implementation

139. Appropriate monitoring agencies should be established or designated to ensure speedy and cost-effective implementation as well as the provision of all required linkages. This would vary as between the hundreds of small and scattered BMS programmes and larger and more lumpy infrastructural projects.
140. Transparency could be one important means of creating awareness and accountability, especially at the grassroots. All State Governments/ departments and Central agencies must be required to inform the relevant public of the programmes initiated and funds provided with data, name of agency, details of contracts, target dates, etc., in the local language/ media and/or through village and town meetings and simple publications.

141. Village and district planning boards where they exist, tribal councils, and other credible agencies should be mobilised and placed in programme/project monitoring committees.
142. Each state may be requested to set up a state-level implementation and monitoring committee that could also oversee maintenance. It should preferably be chaired by the Chief Minister and the membership could include some non-officials. These bodies should make a quarterly or half-yearly review of programmes/projects so that timely action can be taken to correct lags, tackle bottlenecks and ensure schedules and quality control.
143. The NEC may consider setting up an evaluation and monitoring cell to receive periodic reports from the states so as to enable it effectively to monitor overall progress in all sectors.
144. The Comptroller and Auditor-General may be requested to consider devising suitable means, whether through a newly-constituted Northeast audit wing or otherwise, to secure a special audit of programmes and projects under the PM's package and all other accelerated development programmes/projects that are being proposed.
145. The Prime Minister may consider ordering a periodic macro review of his Northeast Initiative in consultation with the Northeastern Chief Ministers. This will help track progress, assess performance and chart the way forward.

Banking and Finance

146. The banking system in the Northeast must make enhanced efforts to improve the CD ratio.
147. Industrial finance should be considered part of priority sector lending.
148. All-India financial institutions should consider cross-subsidisation of interest rates just as Indian Airlines subsidises its Northeastern fares.
149. Incentive packages for industry such as the five year tax holiday, transport subsidy and industrial growth centres have not worked as intended. A more effective package including reintroduction of a capital investment subsidy would be desirable.
150. The recently-established North Eastern Development Finance Corporation (NEDFi) should be adequately funded by the Government,

RBI and all-India financial institutions so that it can perform its assigned role effectively. On its part, NEDFi should endeavour to become a catalyst for development in the region.

151. The expert group on Industrial Development of the Northeastern Region under Dr. (Mrs.) I.K. Barthakur, proposed a one-time grant of Rs 20 crores to NEDFi. This was to fund studies in the fields of technology, infrastructure, institutional finance, and marketing in the region. We recommend early action on this recommendation.
152. An inter-disciplinary group should be set up under the Deputy Governor of the Reserve Bank now designated to look after the Northeast to examine how banking and financial institutions' norms and procedures may be suitably adapted to respond to the special land laws and other features obtaining in the region.
153. The State governments, on their behalf, should make a sincere effort to create an investor-friendly environment to attract private capital to their states.

Additional Resource Mobilisation

154. The Northeastern States should make a concerted effort to rein in non-plan expenditure and to tap the potential inherent in professional tax, sales tax, motor vehicles tax and agricultural income tax.
155. All Northeastern States or those segments of the tribal population hitherto exempt from income tax should voluntarily accept the principle of a tax on income in accordance with the ability to pay, subject to the proviso that the net proceeds or additionality be credited to a special development fund for the concerned state/DC for a stipulated period of, say, 15 years. The rates of income tax in the region could be marginally lower than the all-India rates in all slabs for an initial period.
156. States should be required to set up upper catchment area authorities to be funded by a surcharge on all new hydro-electric generation. Apart from generating revenue, this could prove cost saving by ensuring widespread participation and cooperation in implementation.
157. Development Area Authorities should be set up around all new infrastructural and other growth centres and empowered to collect a betterment levy on the capital appreciation in land values which constitutes an unearned increment from development.

158. State acquisition and sale of land in urban development projects or grant of leaseholds subject to periodic revision should be mandated as a means of financing development and discouraging land speculation.

North Eastern Development Council

159. All security functions be formally delinked from the NEC which should be detached from MHA and placed under the Planning Commission.
160. The Council should be chaired by a public figure of high standing who should be located in Shillong. Further, he should be an ex-officio Member of the Planning Commission with ministerial rank.
161. The Secretary of the NEC should enjoy the rank of a Secretary to the Government of India.
162. The NEC should be redesignated the North East Development Council (NEDC) with all concerned Chief Ministers as Members.
163. There is good reason to include Sikkim in the NEDC as it shares similar problems and lies beyond the common Siliguri gateway.
164. It would be desirable to forge a close nexus between the NEDC and the Brahmaputra Board in view of the close planning and development linkages involved.
165. In the interest of better coordination among the various Central Ministries/ Departments/Agencies/Public Undertakings concerned with the Northeast, the NEDC should have a central coordination committee in Delhi under the Chairman NEDC and serviced by the Adviser (Northeast) in the Planning Commission.
166. The NEDC should have an NGO Wing as a focal point for liaison and coordination with credible NGOs in the region on development issues including those pertaining to the environment and gender concerns.
167. The example of Meghalaya's Economic Development Council, a strategic policy planning body of political and public figures, industrialists, district council representatives, academics and NGOs, offers a useful model for emulation by other states. A Regional Economic Development Council should be set up under the aegis of the NEDC.

Political Infrastructure

168. The Northeastern Vice-Chancellors and the UGC should together

formulate a well-thought out and coordinated programme for the development of higher education in the region. This should lead to the establishment in each university of certain centres of excellence with relevant area studies and language departments. Between them, these centres should provide a spectrum of disciplines that attracts the best and brightest from the region and the rest of the country.

169. The ICSSR and ICHR should be supported to undertake, expedite or strengthen research into and the writing of Northeast history texts for different levels of learning and scholarship.
170. Though matters of security and law and order are beyond the competence of the Commission, it was repeatedly brought home to us that the pace and progress of development and investment is closely related to the security environment. We accordingly flag issues such as additional funding for police housing that were brought to our attention for separate consideration by the appropriate authorities.
171. It is incumbent on all political parties to make everybody aware that peace, development and employment go hand in hand and that whatever be the assistance and support from the rest of the country, the salvation of the Northeast is in the hands of its own people.
172. All sections of the 9th Plan bearing on the Northeast may be collated and separately published as a "Northeast Plan" for wide dissemination within the region and outside.
173. A special effort might be made by the Planning Commission to prepare and project a perspective plan, "Northeast 2015", that offers a vision of the future.

**No.PC(P)9/64/96-NER
PLANNING COMMISSION**

(State Plans Division)

Yojana Bhavan, Sansad Marg, New Delhi-110 001

November 20, 1996

OFFICE MEMORANDUM

Subject:- Constitution of a High Level Commission to critically examine the backlog in respect of Basic Minimum Services and the gaps in infrastructure sectors for development of States in North-Eastern Region.

In pursuance of the Prime Minister's announcement of New Initiatives for the North-Eastern Region made at Guwahati on October 27, 1996, it has been decided to set up a High Level Commission to critically examine the backlog in respect of Basic Minimum Services and the gaps in infrastructure sectors for development of States in North-Eastern Region.

2. Composition of the Commission will be as follows:

- | | |
|--|-----------|
| (1) Shri S.P.Shukla,
Member, Planning Commission | Chairman |
| (2) Shri B.G. Verghese,
Journalist | Member |
| (3) Shri Sainghaka,
Vice-Chairman,
Planning Board, Mizoram | Member |
| (4) Shri Jayanta Madhab,
Chairman,
NEDFC | Member |
| (5) Shri Darshan Kumar,
Adviser (SP),
Planning Commission | Secretary |

3. Following will be the terms of reference of the Commission:

- (i) to critically examine the backlog in respect of Basic Minimum Services in the seven North-Eastern States;
- (ii) to critically examine the gaps in important sectors of infrastructure development in the NE Region, specially in power, communication, railways, roads, education, agriculture etc.;

(iii) to suggest policies, programmes and requirement of funds to bridge the gaps in infrastructural sectors and backlog in Basic Minimum Services in the seven North-Eastern States; and

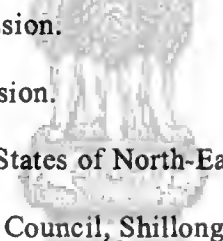
(iv) to consider any other issue which the Commission consider relevant for achieving the above objectives.

4. The Commission will submit its report to the Prime Minister within a period of three months.
5. The Chairman of the Commission may co-opt any other member considered appropriate to assist the Commission and may invite any person, whenever necessary, for the purpose.
6. TA/DA of non-official members, will be paid by the Planning Commission.

Sd/-

(A.S. Lamba)

Additional Adviser (Admn.)

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1. Chairman of the Commission.
 2. Members of the Commission.
 3. Chief Secretaries of the States of North-Eastern Region.
 4. Secretary, North-Eastern Council, Shillong.

Copy for information to Shri Arun Mathur, Director, Prime Minister's Office, New Delhi.

**HIGH LEVEL COMMISSION'S VISIT TO
THE NORTH-EASTERN STATES**

Dates of visits to the North-Eastern States

Manipur	December 14 to 16, 1996
Nagaland	December 16 to 18, 1996
Mizoram	December 18 to 21, 1996
Assam	January 18 to 21, 1997
Meghalaya/NEC	January 21 to 23, 1997
Arunachal Pradesh	January 28 to 31, 1997
Tripura	February 7 to 9, 1997



MEETINGS / DISCUSSIONS

MANIPUR

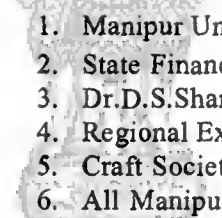
1. Meetings/Discussions

Date

14.12.1996	Chief Minister Minister (IFCD)
14.12.1996	Chief Secretary Administrative Secretaries and Heads of Departments concerned with implementation of Plan schemes.
16.12.1996	Chief Minister

2. Organisations/Individuals

Date

15.12.1996	 <ol style="list-style-type: none">1. Manipur University.2. State Finance Commission.3. Dr.D.S.Sharma, Naga Mapal.4. Regional Executive Council for Higher Education.5. Craft Society of Manipur.6. All Manipur Entrepreneurs' Association.7. Manipur Milk Producers Cooperative Union Limited.8. Community Relief and Development Organisation (CRADO).9. Association of Food Scientists and Technologists India.10. Manipur State Drugs and Pharmaceutical Employees Union.11. Sianta Students Association.12. Society of Senior College of Engineering.13. Council for Social Awareness and Development.14. Manipur Ramakrishna Society.15. United District Autonomous and Reorganisation Movement Council of Manipur.16. Linguistic Society of Manipur.17. Economic and Moral Development Organisation, Manipur.18. All Manipur Non-Government Organisation.19. Moirang Municipal Council.20. Student Union of D.M.College of Science.
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3. Places Visited

Date

15.12.1996

Place

1. INA Memorial at Moirang.
2. Loktak Lake.

NAGALAND

1. Meetings/Discussions

Date

17.12.1996

Chief Minister
Ministers of State Government
Chief Secretary
Administrative Secretaries and Heads of
Departments concerned with implementation of
Plan schemes.

2. Organisations/Individuals

Date

16.12.1996

1. Mrs. Neidino, President, Naga Mothers Association (NMA).
2. Mrs. Mini Meru, Secretary, Nagaland Board of School Education.
3. Rev. Father Sebestian, Rector, DON BOSCO School.
4. Shri Vamuzo, Leader of Opposition in the Nagaland Assembly.
5. Shri Natwar Thakar, of the Nagaland Gandhi Ashram, Chuchuyimlang.

17.12.1996

3. Places Visited

Date

18.12.1996

Place

1. Aerial view of Lakhim Ro and Doyang Hydro-electric Projects.
2. Doyang HEP site.
3. Mon District Hospital.

MIZORAM

1. Meetings/Discussions

Date

- | | |
|------------|---|
| 18.12.1996 | Governor
Chief Minister |
| 19.12.1996 | Chief Minister
Ministers of State Government
Chief Secretary
Administrative Secretaries and Heads of Departments
concerned with implementation of Plan schemes. |

2. Organisations/Individuals

Date

- | | |
|------------|---|
| 19.12.1996 | <u>AT AIZAWL</u> <ol style="list-style-type: none">1. All Mizoram Farmers Union.2. Tung Producing, Processing and Marketing Society.3. Mizoram Coffee Plantation Association. |
| 20.12.1996 | <u>AT SAIHA</u> <ol style="list-style-type: none">4. Chakma Autonomous District Council (CADC).5. Lai Autonomous District Council (LADC).6. Mara Autonomous District Council (MADC).7. Lai Peoples Party, a political group.8. Mara Democratic Party, a political group. <p><u>NGOs</u></p> <ol style="list-style-type: none">9. Mara Youth Association.10. Consumer Protection Forum. <p><u>AT LUNGLEI</u></p> <ol style="list-style-type: none">11. High Powered Committee, Lunglei.12. Dy. Commissioner and District officers, Lunglei. |

3. Places Visited

Date

Place

- | | |
|------------|--|
| 19.12.1996 | 1. Champhai, on Myanmar border (site of the proposed border trade centre). |
| 20.12.1996 | 2. Saiha, Hqs of Chhimtuipui district. |
| | 3. Lunglei. |
| | 4. Lengpui Airport site. |

ASSAM

1. Meetings/Discussions

Date

- 18.1.1997 Chief Secretary
Administrative Secretaries and Heads of Departments
concerned with implementation of Plan schemes.
- 20.1.1997 Chief Minister

2. Organisations/Individuals

Date

- 20.1.1997 1. Brahmaputra Board.
 2. Guwahati University.
 3. Agriculture University, Jorhat.
 4. Dibrugarh University.
 5. North-Eastern Frontier Railway, Guwahati.
 6. Reserve Bank of India, IDBI, SIDBI, NEDFI, SBI, UBI, UCO
 Bank, AIDC, AFC, NABARD and NIETCO.
 7. Karbi Anglong Autonomous District Council.
 8. N. C. Hills Autonomous District Council.
 9. Oil and Natural Gas Commission.
 10. Regional Research Laboratory, Jorhat.
 11. Assam Science Society.
 12. Cotton College.
 13. Assam Science, Technology and Environment Council.
 14. Federation of Industries of North-Eastern Region.
 15. All Asom Small Scale Industries Association.
 16. Assam Branch of Indian Tea Association.
 17. Leader of Opposition in the Assam Legislative Assembly.

3. Places Visited

Date

Place

- 19.1.1997 Aerial view of:
 1. Dhemaji, a severely flood-damaged district; and
 2. Majuli Island.
 3. Jorhat. Meeting with D.C.

MEGHALAYA

1. Meetings/Discussions

Date

- | | |
|-----------|---|
| 21.1.1997 | Chief Secretary
Administrative Secretaries and Heads of
Departments concerned with implementation of
Plan schemes. |
| 23.1.1997 | Chief Minister |

2. Organisations/Individuals

Date

- | | |
|-----------|--|
| 22.1.1997 | 1. Meghalaya Economic Development Council (MEDC).
2. Smt. Junch on behalf of Voluntary Health Association,
Meghalaya.
3. Frontier Chamber of Commerce, Meghalaya.
4. Meghalaya Chamber of Commerce.
5. Khasi Hills Autonomous District Council.
6. All-India Garo Hills Council.
7. Vice-Chancellor and Professors of North-East Hill University
(NEHU).
8. Director ICAR, Shillong Complex and officers.
9. Atomic Energy Department officials.
10. Secretary, North-East Council and officials. |
|-----------|--|

3. Places Visited

Date

Place

- | | |
|-----------|--|
| 22.1.1997 | 1. Greater Shillong Water Supply Project, Mawphlang.
2. Mawphlang Development Block, Mawphlang.
3. Mawphlang Sacred Grove.
4. Myllem Block, Upper Shillong. |
|-----------|--|

ARUNACHAL PRADESH

1. Meetings/Discussions

Date

- 28.1.1997 Governor
Chief Minister
Chief Secretary
Administrative Secretaries and Heads of Departments
concerned with implementation of Plan schemes.
- 29.1.1997 Chief Minister
Ministers of State Government
Chief Secretary
Administrative Secretaries and Heads of Departments
concerned with implementation of Plan schemes.
- 30.1.1997 Education Minister of State Government

2. Organisations/Individuals

Date

- 28.1.1997
1. President, Arunachal Chamber of Commerce, Itanagar.
 2. Chairperson, Oju Welfare Association, Naharlagun.
 3. President/Secretary, Tani Jagriti Association, Naharlagun.
 4. Secretary, Donyi Polo Mission, Itanagar.
 5. Secretary, Rama Krishna Mission, Itanagar.
 6. President, Itanagar Press Club, Naharlagun.

3. Places Visited

Date

Place

- 29.1.1997
1. Miao (Sub-Divisional centre in Changlang District).
 2. Tezu (Hqs of Lohit District).
 3. Roing (Circle Hqs in Dibang Valley District).
 4. Pasighat (Hqs of East Siang District).
- 30.1.1997
5. Singa (Circle Hqs in Upper Siang District).
 6. Gelling (Circle Hqs in Upper Siang District).
 7. Jengging (Sub-Divisional Hqs in Upper Siang District).
 8. Along (Hqs of West Siang District).
 9. Ziro (Hqs of Lower Subansiri District).

TRIPURA

1. Meetings/Discussions

Date

- 7.2.1997 Chief Secretary
Administrative Secretaries and Heads of Departments
concerned with implementation of Plan schemes.
- 9.2.1997 Chief Minister
Ministers of State Government

2. Organisations/Individuals

Date

- 7.2.1997 1. Tripura Tribal Autonomous Area District Council (TTAADC).
2. Agartala Municipal Council.
3. Tripura Chamber of Commerce and Industry (TCCI).
4. Tripura Industrial Entrepreneurs (TIE).
5. Tripura Employees Coordination Committee (TECC).
6. Federation of Cottage and Small Industries (FACSI).
7. Tripura Adamjati Sangh.
8. Tripura Adibashi Mahila Samity.
9. Bharat Gyan Vigyan Samity.
10. State Committee of Democratic Youth Federation of India.
11. Central Committee of the Tribal Rural Federation.
12. N. B. Institute for Rural Technology.
13. State Committee Gantantric Nari Samity.
- 8.2.1997 14. Deputy Commissioner, Udaipur.
15. Local MLA, Udaipur.
16. Udaipur Panchayat representatives.
17. Vice-Chairman, Udaipur Block.
18. Chairman, Killa Block.
- 9.2.1997 19. Shri Badal Chowdhury, M.P.
20. Shri Bajuban Riyan, M.P.
21. Tripura Tribal Autonomous Area District Council (TTAADC).

3. Places Visited

<u>Date</u>	<u>Place</u>
8.2.1997	1. Indira Gandhi Memorial Hospital, Agartala.
	2. Tripura Engineering College, near Agartala.
	3. Minor Irrigation Project at Gunamani Thakurpara.
	4. Shankamabari Primary School.
	5. SPT Bridge at Jampuijala.
	6. Raiabari, South Tripura District, for inauguration of a new school building constructed under EAS.
	7. Sonamura - for handing over keys of newly constructed IAY houses to the beneficiaries.
	8. Village Bishramganj, project site of a natural rubber-based Rehabilitation Programme for STs. Discussion held with members of Adibashi Mahila Samity, a women's NGO.
	9. Udaipur, Hqs of South Tripura District.



Annexure-D**MEETINGS HELD BY THE HIGH LEVEL COMMISSION FOR THE NORTH-EAST WITH THE CENTRAL MINISTRIES / DEPARTMENTS AND PUBLIC SECTOR UNDERTAKINGS****LIST OF PARTICIPANTS**

<u>Date</u>	<u>Ministry/PSU</u>	<u>Name and Designation</u>
10.2.97	Brahmaputra Board	Shri N. V. V. Char, Chairman
	North-Eastern Electric Power Corporation Ltd.	1. Shri R. P. Sharma, Chief Engineer 2. Shri U. Bora, Addl. Chief Engineer
11.2.97	Railway Board	Shri M. Ravindra, Member (Engineering)
	Rail India Technical and Economic Service Limited (RITES)	Shri B. I. Singal, MD
12.2.97	Ministry of Commerce	Shri Nripendra Misra, Addl. Secretary
	Indian Institute of Foreign Trade	1. Dr. P. L. Sanjeeva Reddy, Director General 2. Shri D. S. Arora, Associate Professor 3. Miss S. George, Associate Professor
13.2.97	Ministry of Surface Transport	Shri S. Sundar, Secretary
	Inland Waterways Authority of India	Shri R. P. Sinha, Chairman
	Ministry of Petroleum	1. Dr. Vijay L. Kelkar, Secretary 2. Shri S. Bashal, Joint Secretary 3. Shri A. Sen, Director

<u>Date</u>	<u>Ministry/PSU</u>	<u>Name and Designation</u>
13.2.1997	Oil and Natural Gas Commission	Shri B.C. Bora, CMD
	Gas Authority of India Limited	Shri C.R. Prasad, CMD
	Oil India Limited	Shri N.N. Gogoi, CMD
	Engineers India Ltd.	Shri Venkataraman, CMD
	Ministry of Information and Broadcasting	1. Shri N.P. Nawani, Secretary
		2. Shri S.K. Naik, Addl. Secretary & FA
	Doordarshan	1. Shri K.S. Sarma, Director General
		2. Dr. P.C. Hembram, Dy. Director General
		3. Shri B.K. De, Cheif Engineer
	All India Radio	1. Shri Shashikant Kapoor, Director General
2. Shri V.K. Lamba, Director		
3. Shri R.K. Gupta, Cheif Engineer		
14.2.97	Ministry of Power	1. Shri P. Abraham, Secretary
		2. Shri P.K. Basu, Joint Secretary
		3. Shri A.K. Agnihotri, Director (Hydel)
	Ministry of Civil Aviation	Shri V.K. Sadhu, Deputy Secretary
	Airports Authority of India	1. Shri Jagannath, Director (Planning)
		2. Shri P.B. Daswani, Dy. Director (Planning)



<u>Date</u>	<u>Ministry/PSU</u>	<u>Name and Designation</u>
14.2.97		Dr. Arun Kumar Sarma, Member of Parliament and Chairman, Parliamentary Sub-Committee on Border Trade of NE States with the neighbouring countries
	Ministry of Environment and Forests	Shri Vinod Vaish, Additional Secretary
	Planning Commission	Dr. Rohini Nayyar, Adviser (RD)
15.2.97	Deptt. of Telecom.	1. Shri K. Sridhara, DDG in-charge of NE and New initiatives
		2. Shri R.K. Paniker, Director (TPS)
	Indian Council of Agricultural Research	1. Dr. G.B. Singh, DDG (Soil Science)
		2. Dr. E.A. Siddiqui, DDG (Crop Science)
	Border Roads	1. Lt. Gen R.J. Mordecai, DG
		2. Shri L.R. Duggal, Staff Officer to DG
17.2.1997	Border Roads	1. Lt. Gen R.J. Mordecai, DG
		2. Brig. N.P.S. Bal, DDG
		3. Shri L.R. Duggal, Staff Officer to DG
18.2.1997	Ministry of External Affairs	Shri Salman Haider, Foreign Secretary

FUNDING PATTERN FOR SPECIAL CATEGORY STATES

The criteria for distribution of normal Central Assistance for State Plans provide for a built-in preferential treatment in favour of the Special Category States. The criteria under the Gadgil formula which give large weightage to population (1971 census) and the incidence of poverty do not become applicable to the North Eastern States. If this criteria were to be applied strictly, North Eastern States would be at a disadvantage because of their small populations and also because of lesser incidence of poverty in these States compared to the more populous States of Bihar, U.P., Madhya Pradesh, Rajasthan and Andhra Pradesh. Therefore, the National Development Council has laid down the following method. Out of a given sum of Central assistance for the State Plans available in any particular year, the requirement of funding externally aided projects and special area programmes (hill areas, tribal sub plans, border areas, NEC, etc.) is deducted as the first charge. Of the balance, 30% is earmarked for 10 Special Category States leaving 70% for distribution among the non-special category states according to the Gadgil formula. The *inter se* distribution of this earmarked fund among the Special Category States is determined in the light of the previous Plan size and special problems, needs and priorities of each State. Therefore, the actual allocations to the Special Category States have been historically much larger than what would have been the case if Gadgil formula were applied.

The terms and conditions of Plan assistance for the Special Category States are also far more favourable than those applicable to other States. The grant-loan composition of the assistance is 90:10 in the Special Category States; for other States it is 30:70.

Furthermore, the Special Category States are allowed to divert 20% of their plan allocation to meet non-plan expenditure requirements.

This special dispensation was made, keeping in view the large deficits that these States have been facing on the non-plan side because of poor position of the States' own resources.

More often than not, the plan outlays in these States fall short of the total Central Assistance given to them for plan purposes. This happens because of their continuing negative balances from current revenues.



1. Provision of Safe Drinking Water in Every Habitation

The entire population should be provided with safe drinking water by 2000 AD. The totally uncovered or very poorly covered (up to 10 lpcd habitations) should be given priority and adequate funds be made available to cover these by 1997-98. An effort should be made to tackle quality problems like the presence of fluorides, arsenic, brackishness and iron. Local beneficiaries should be involved through panchayats and municipalities in planning and implementing water supply facilities through groundwater and surface water sources. Village level institutions should have an important role in implementing and maintenance. Recognising the inadequacy of the present norm of 40 lpcd, this should be raised to 55 lpcd. Similarly, the distance norm should be reduced from 1.65 km to 500 metres in the plains and 100 metres in hill areas.

The coverage of accelerated urban water supply programmes should be enlarged by including towns and cities up to 1,00,000 population.

2. Provision of Efficient Primary Health Care

There is urgent need to consolidate and fill the gaps in the existing infrastructure for the delivery of primary health care by providing for buildings, equipment, medicines, trained manpower and vehicles. Further, the norms for primary health care infrastructure may be relaxed in areas inhabited by SCs/STs/Primitive Tribal Groups and in hill and desert areas.

3. Provision of Public Housing Assistance to the Shelterless Poor

Outlays for public housing to the poor should be enhanced substantially so that all shelterless and other poorest of the poor are provided with a house by 2000. The house should be constructed by the beneficiaries themselves with technical support from the development machinery. The unit cost of Indira Awas Yojana units should be raised from Rs 14,000 to Rs 20,000.

4. Connecting Villages and Habitations with Link Roads

The necessity of linking villages with all-weather roads is endorsed. Special mention is made of the inadequacy of roads and the relatively high cost of construction in hilly areas such as Himachal Pradesh, the Northeast and tribal belts. Central assistance for accelerating construction of rural link roads through panchayats is to be specially provided.

5. Nutrition Support to children belonging to poor families in the pre-school and elementary education stages

Organisational support provided for the ICDS may be suitably strengthened, specially keeping in view the problems of remote and hill areas, the high cost of transportation of food and non-availability of buildings. The Central Government may provide support for the supplementary nutritional component in ICDS up to at least 50 per cent of the requirement. The Conference recognised the need for having mini-anganwadis for covering small clusters of population particularly in tribal areas. Continuation of the mid-day meals scheme is recommended as well as inclusion of additional components to cover extra transportation costs.

6. Streamlining the Public Distribution System

Suitable measures should be taken to ensure availability of essential commodities at reasonable prices to the population below the poverty line.

7. Universal and Compulsory Primary Education

Priorities and strategies for achieving total literacy and universalisation of primary education should take into account the special requirements of the various States and Union Territories with suitable flexibility. In order to achieve universal primary education, it will be necessary to allocate substantially higher resources for Operation Blackboard and for the appointment and training of teachers. For Special Category States, additional allocations will be required for maintenance and reconstruction of damaged or destroyed school buildings.

ADDITIONAL RESOURCE MOBILISATION (ARM)

Barring Arunachal Pradesh, all the States of the North Eastern Region had negative balances from current revenue for the Eighth Plan period. What is worse, such balances rose fairly fast from year to year. The following table sums up the position:

State	1992-93	1996-97
	(Rs. in crores)	
Mizoram	-1.21	-54.41
Tripura	-23.24	-57.86
Manipur	-9.32	-61.97
Assam	-90.58	-325.72
Nagaland	-26.45	-149.74

In Meghalaya, the negative balance of Rs. 46.23 crores in 1992-93 improved to positive balance of Rs. 1.51 crores in 1996-97. Arunachal Pradesh, which is an exception, had negative balance only in one year, i.e., 1993-94, and that too of a small amount of Rs. (-1.11 crores). In all other years, it had positive balance of current revenue, the amount being as large as Rs. 71.99 crores in the last year of the Eighth Plan.

This state of affairs is reflective of poor performance on resource mobilisation front and fairly large and growing non-plan expenditures. The per capita expenditure on wages and salaries in these States is very high. The following table illustrates the position:

State	Per Capita Wages & Salaries (Rs.)
Arunachal Pradesh	1445.65
Assam	509.25
Manipur	1287.18
Meghalaya	870.95
Mizoram	1900.94
Nagaland	2599.09
Tripura	1052.99

The Tenth Finance Commission had worked out per capita own tax revenue of States on the basis of the average of 1987-88, 1988-89 and 1989-90. Except for Assam, Meghalaya and Nagaland, for other four States, the figures were of two digits only. The position is as follows:

	(Rs.)
Arunachal Pradesh	28
Manipur	69
Mizoram	42
Tripura	69
Nagaland	153
Meghalaya	157
Assam	135

These figures are in striking contrast to the performance of other Special Category States which is as below:

State	(Rs.)
Sikkim	256
Jammu & Kashmir	184
Himachal Pradesh	244

The potential of tax revenues, particularly in regard to professional tax, sales tax, motor vehicles tax, has remained largely untapped. In Assam, the rate of growth of revenue from agricultural income tax has been negative for the Eighth Plan period (-4.64%).

The revenue potential of the local bodies has not been fully tapped in many cases. In some cases, large revenues are accruing to autonomous councils and they are not available to the State Governments for purposes of development expenditure. The non-tax revenues from forests and minerals have large potential in Arunachal Pradesh, Assam, Manipur and Meghalaya. There is a need for streamlining and tightening the administration to optimise the mobilisation of non-tax revenues.

While the performance on the resource mobilisation leaves a lot to be desired, the growth of non-plan expenditure remains largely unchecked. The rate of growth of such expenditure in Nagaland over the Eighth Plan period was as large as 19.83%. In Mizoram, it was 10.39%, in Tripura 12.22%, in Arunachal 12.37%, in Manipur 14.43% and in Meghalaya 10.55%.

In order to ensure accelerated development planning in these States, it is imperative to rein in non-plan expenditure and step up considerably additional resource mobilisation.

